

SOUTH AFRICAN
SHIPPING FREIGHTS CONFERENCE.

INTERIM REPORT,
MINUTES OF MEETINGS,
DOCUMENTARY EVIDENCE
ETC.

JOHANNESBURG.

AUGUST, 1904.

UNIVERSITY OF CALIFORNIA
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LIST OF CONTENTS.

	PAGE
1. NAMES OF DELEGATES	3
2. TERMS OF REFERENCE	4
3. INTERIM REPORT	5
4. MINUTES OF MEETINGS	9
5. APPENDIX NO. I.	21
<i>Documentary Evidence (with Index).</i>	
6. APPENDIX NO. II.	162
<i>Extracts from Blue Books (with Index).</i>	
7. APPENDIX NO. III.	216
<i>Official Correspondence prior to Conference (with Index).</i>	
8. APPENDIX NO. IV.	230
<i>Correspondence between Secretary of State for Colonies and Shipowners with reference to attending the Conference (with Index).</i>	

DELEGATES

TO THE

South African Freights Conference.

HON. E. H. WALTON, M.L.A.,	}	CAPE COLONY.
JOHN GARLICK, M.L.A.,	}	
HON. J. C. MAYDON, M.L.A.,	}	NATAL.
F. S. TATHAM, K.C.,	}	
HAROLD F. STRANGE, Esq.,	}	TRANSVAAL.
WILLIAM HOSKEN, M.L.C.,	}	
BERNARD SENIOR, M.L.C.,	}	ORANGE RIVER COLONY.
H. F. GILL, Esq.,	}	
W. TOWER, Esq.,	}	RHODESIA.
C. E. SMITHMAN, Esq.,	}	

DOUGLAS OWEN, *Advisory Member.*

CHARLES W. VILLIERS, *Secretary.*

JOHANNESBURG.

August 23rd, 1904.

TERMS OF REFERENCE.

A Conference of all the South African Colonies was convened by His Excellency the High Commissioner to enquire into the charges now obtaining for ocean freight to South Africa, and the disposal of shipping orders by the various Governments, and to endeavour to arrive at some means of securing advantages equal to those enjoyed by the Government for the general public.

The Delegates were asked to present a Report and recommendations.

INTERIM REPORT
 OF THE
CONFERENCE OF DELEGATES
 From the South African Colonies
 APPOINTED TO CONSIDER THE
CHARGES FOR OCEAN FREIGHTS.

1. The Conference has adopted the view that its duty was rather to suggest remedies for the grievances recognised and felt universally throughout South Africa than to travel again over ground already amply covered by the reports of various Commercial Congresses and other Public Bodies and notably by the report of the Select Committee of the House of Commons on Steamship Subsidies.

2. The Conference felt that it had sufficient knowledge of the facts from the standpoint of South African interests and its conclusions are expressed in the resolutions embodied in this report and the Conference is of opinion that if the suggestions are adopted they will supply a remedy to the evils complained of.

3. With reference to the proposed legislation prohibiting a discrimination between shippers, the Conference is aware that such contracts are usually entered into beyond the jurisdiction of the South African Courts. Under the circumstances the Conference has been obliged to content itself with the suggestion that legislation should be enacted laying down in set terms the policy of South African law on the question of discriminating contracts. The effect of the legislation would be to make any such contracts illegal and inoperative so far as they are designed to take effect within the jurisdiction of the South African Courts.

4. The Conference does not consider it necessary to amplify the resolutions which follow. They are based upon the conviction that relief from the present unsatisfactory position is only to be found in the firm co-operation of the South African Governments and Importers and Exporters, and the Conference believes that the suggested measures will provide machinery for effective South African co-operation and for the protection of the interests of the Colonies, while they also provide just consideration for those engaged in the Ocean Transport Service.

5. The Conference therefore begs that the proposals now put forward provisionally may be submitted to the South African Governments and to the Mercantile Community for consideration and criticism at the earliest possible date. With this object the Conference has appointed Sub-Committees for the purpose of recording the views of those whom it may be desirable to examine with reference to the suggested scheme. The Conference accordingly stands adjourned.

6. The Resolutions referred to are as follow:—

(a) That the present Tariff rates of freights charged to the general public and enforced by the Shipping Ring from the United Kingdom are excessive and detrimental to the interests of South Africa.

(b) That the differentiation in rates by the Ring to South Africa between the United Kingdom and America is injurious to British Manufacturers and offers unfair advantages to American trade.

- (c) That the present system of giving Special Contracts by the Ring is inimical to the interests of South Africa, disorganises trade, and, if continued, will have far-reaching and prejudicial effects on the commerce of the country.
- (d) That the best means of obtaining reasonable, uniform and maintained rates of freight from the United Kingdom to South Africa will be found in the co-operation of the South African Governments, Public Bodies and Importers generally.

2. That in the opinion of this Conference:—

The proportionate difference in rates to various ports having first been arranged, the South African Governments should jointly call for tenders for the conveyance from the United Kingdom of their own stores, and such other cargo as may be guaranteed under the co-operation referred to in Clause (d) either at an all-round rate, or upon a classification basis to be set out in detail in the tender. The terms to be for five (5) years, the Government having the option to renew for one year, and each tender to be accompanied by adequate security for its performance. The details of the contract to be settled in advance, and to contain *inter alia* the following special features:

- (a) Provision as to Passenger rates and homeward cargo.
- (b) The Tenderer to engage to carry on the same terms for any other person or body all cargo offered.
- (c) The Tenderer to provide weekly sailings at least from London and such further sailings from London or elsewhere as the traffic shall demand.
- (d) The Tenderer to undertake not to grant, promise or permit any rebate or drawback or special rate or preferential treatment whatever to any shipper, nor discriminate between shippers in any manner whatever, upon any pretext whatever.
- (e) The Governments to undertake, on their side, to protect the Tenderer against unfair competition in the manner set forth in separate resolutions.

3. This Conference is of opinion that:—

To provide for the efficient working and control of South African Shipping by the respective Colonial Governments, the administration of the Harbour Boards should be used if necessary as a means of defence by preference in berthing and discharging steamers under Government Contract and by such other means as may be desirable or necessary.

RESOLUTIONS TO PREVENT UNFAIR COMPETITION AND ENSURE STABILITY OF RATES.

- 4. That the South African Governments should enter into a Convention:—
 - (a) To impose special supplementary freight dues upon all steamers carrying general cargo loaded on the berth and steamers carrying full or bulk cargoes, together with any proportion of general cargo, such dues to be fixed hereafter and be calculated upon the tonnage of the general cargo carried in such steamers to South African ports. Such dues to be remitted in full on production of a Sworn Declaration, stating the freight charge and showing that it equals or exceeds the rate under the Government Contract, and that no rebate or drawback has been given or promised and that no secret understanding or agreement exists between the shipowner and any shipper in regard thereto.
 - (b) The dues shall be settled by the Government after fuller consideration in detail, upon a basis ensuring their adequacy for the purposes aimed at, subject to revision from time to time as may be agreed (as in the case of the Customs Convention), and always upon the understanding that, save as to such special dues each port may fix its own dues as at present.
 - (c) Steamers from Continental ports or ports of the United States of America shall for the purpose of the special dues be treated as steamers from the United Kingdom with liberty to the Joint

Governments to extend the rule to any other ports should conditions arise justifying such action; no such change however being made without the consent of the other Colonies to be obtained as provided in Sub-section (b).

- (b) In the case of cargo from Continental ports (or other ports if necessary), in order to be entitled to remission of the special dues it shall be requisite for the Sworn Declaration to show the exact port to port freight and that no secret or other arrangement exists whereby any division of such freight charge or apportionment of freight takes place between the shipowner and any Government or any Railway Administration or other authority or that any consideration allowance or rebate or drawback of any kind whatever is made by either to the other.
- (c) Provision must be made to obviate any method of classification defeating the objects aimed at, especially in regard to the computation of freight by weight instead of by measurement.
- (d) All Importers and Public Bodies entering into the proposed arrangement with the Government shall sign a contract under sufficient guarantee for the due performance of their obligations.
- (e) Nothing in conflict with the present mail steamer contract shall be inserted in the proposed convention.
- (b) The provisions of Article 25 of the Customs Union Convention shall apply with reference to any alteration or interpretation desired by any of the Colonies who are parties to this Convention.

5. This Conference is of opinion that:—

The co-operation of the Portuguese Government being advisable, the High Commissioner be requested to endeavour to arrange for similar dues at Portuguese ports.

6. This Conference is of opinion that:—

In the event of failure to obtain suitable tenders the Conference should consider how far the South African Colonies can be recommended to go in the direction of financial assistance to encourage or to aid in the establishment of new lines outside those now trading with South Africa, or to adopt such other course as may be necessary.

7. This Conference is of opinion that:—

The various South African Governments should legislate to prohibit rebates and discrimination between shippers on the following lines: -

"To regulate Charges for Sea Carriage in regard to Goods and Passengers."

Be it therefore enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Legislative Council and Legislative Assembly of () as follows:—

1. The word "Shipowner" includes persons and Companies being owners or Charterers of sea-going vessels carrying Goods or Passengers for hire to or from any port of ().

2. No Shipowner shall make, give, or promise any undue or unreasonable preference or advantage to or in favour of any particular Trader, or any particular description of traffic, in any respect whatsoever, nor shall any Shipowner subject any Trader to any undue or unreasonable prejudice or disadvantage in any respect whatsoever.

3. If any Shipowner shall, directly or indirectly, by any special rate, rebate, drawback, or other device, charge, demand, collect, or receive from any person a greater or less compensation for any service rendered or to be rendered

in the carriage of Goods or Passengers to or from any port in () than he charges, demands, collects, or receives from any other person or persons for doing him or them a like and contemporaneous service in the carriage of a like kind of traffic under substantially similar circumstances and conditions, such shipowner shall be guilty of unjust discrimination, which is hereby prohibited and declared unlawful.

8. This Conference is of opinion that : -

The Governments concerned should nominate representatives to an Executive Committee charged with the duty of carrying the foregoing resolutions into effect.

(Signed) E. H. WALTON, Chairman.

South African Shipping Freights' Conference.

MINUTES OF MEETING.

Johannesburg, August 23rd, 1904.

1. The Delegates appointed to the Conference convened at Johannesburg for the purpose of discussing South African Shipping Freights, assembled at 11.30 a.m. at the Normal School.

2. Present :—

Hon. E. H. Walton, M.L.A.	|	Cape Colony.
J. Garlick, Esq., M.L.A.	|	
Hon. J. C. Maydon, M.L.A.	|	Natal.
F. S. Tatham, Esq., K.C., M.L.A.	|	
Harold F. Strange, Esq.	|	Transvaal.
William Hosken, Esq., M.L.C.	|	
Bernard Senior, Esq., M.L.C.	|	Orange River Colony.
H. F. Gill, Esq.	|	
W. Tower, Esq.	|	Rhodesia.
C. E. Smitheman, Esq.	|	

Secretary, Mr. C. W. Villiers.

3. The Hon. E. H. Walton was unanimously elected Chairman to the Conference.

Mr. D. Owen having been invited to be present and to have a deliberative voice at the Conference, took his seat at the Conference.

4. It was decided that the proceedings of the Conference should be private.

5. Decided that witnesses from South Africa should not be called for the present.

6. Decided that the question of accepting evidence from representatives of Shipowners in England be postponed.

7. The Conference adjourned at 1.10 p.m.

The Conference resumed the discussion at 3 p.m. *

8. Decided that the next meeting of the Conference take place at 10.30 a.m. August 24th, 1904.

At 5 p.m. the Conference adjourned.

South African Shipping Freights' Conference.

MINUTES OF MEETING

Johannesburg, August 24th, 1904.

1. The Conference met at 10.30 a.m.

All the Delegates were present.

2. The Minutes of the preceding meeting were read and confirmed.

3. Letters from Mr. W. J. Corder to His Excellency the High Commissioner were laid before the Conference.

It was resolved that Mr. Corder be thanked for his letters and be informed that the Conference would not call personal evidence at present, but would be pleased to receive any further documentary evidence.

4. The following resolution was moved by Mr. Garlick, and seconded by Mr. Hosken :—

“ That the present Tariff rates of Freight charged to the general public and enforced by the Shipping Ring from the United Kingdom are excessive and detrimental to the interests of South Africa.”

5. After discussion the following amendments were proposed by Mr. E. H. Walton and seconded by Mr. Maydon :—

(1) “ That in the opinion of this Conference the absence of any combination between the Governments and Importers of South Africa for the purpose of exercising some control over the freights for ocean transport has been detrimental to the interests of the five South African Colonies.”

(2) “ Evidence has been laid before the Conference showing that the rates of freight compare unfavourably to those charged to other countries from the United Kingdom, and this Conference has reason to believe that the lower freights charged from the United States of America have been injurious to the interests of British manufacturers.”

The amendment was put to the meeting and lost, the following Delegates voting :—

For :

Hon. E. H. Walton,
Hon. J. G. Maydon,
W. Tower, Esq..

Against :

J. Garlick, Esq.,
F. S. Tatham, Esq.,
B. Senior, Esq.,
C. Smitheman, Esq.,
Harold F. Strange, Esq.,
W. Hosken, Esq.,
H. F. Gill, Esq.

Mr. Garlick's resolution was then put to the meeting and carried, delegates voting as follows :—

For :	Against :
J. Garlick, Esq.,	Hon. E. H. Walton,
F. S. Tatham, Esq.,	Hon. J. G. Maydon,
H. Strange, Esq.,	W. Tower, Esq.
C. Smitheman, Esq.,	
B. Senior, Esq.,	
H. F. Gill, Esq.,	
W. Hosken, Esq.	

The following resolutions, proposed by Mr. Garlick and seconded by Mr. Hosken, were passed unanimously :—

- (a) That the differentiation in rates by the Ring to South Africa between the United Kingdom and America is detrimental to the interests of Great Britain, and unduly influences trade to the advantage of American manufacturers.
- (b) That the present system of giving Special Contracts by the Ring is inimical to the interests of South Africa, disorganises trade, and, if continued, will have far-reaching and detrimental effects on the commerce of the country.
- (c) That the best means of getting reasonable, uniform and maintained rates of freight from the United Kingdom to South Africa will be by the co-operation of the South African Governments, Public Bodies, and Importers generally.

The Conference adjourned at 1 p.m. till 2.30 p.m.

The following resolutions, proposed by Mr. Tatham and seconded by Mr. Hosken, were passed unanimously :—

- (a) That in the opinion of this Conference, the proportionate difference in rates to various ports having first been arranged, the South African Governments should jointly call for tenders for the conveyance from the United Kingdom of their own stores, and such other cargoes as may be guaranteed under the co-operation referred to in Clause () for five years; the Government having the option to renew for one year: either at an all-round rate or upon the classification basis to be set out in detail in the tender (each tender to be accompanied by adequate security for its performance) upon a uniform contract to be settled in advance, and containing *inter alia* the following special features :—
 - (1) Provision as to passenger rates and homeward cargo.
 - (2) The Tenderer will engage to carry for any other person or body, on the same terms, all such cargo as may be offered.
 - (3) The Tenderer will provide weekly sailings at least from London and such further sailings as the traffic shall demand.
 - (4) The Tenderer will not grant or promise any rebate or drawback or special rate or preferential treatment whatever to any shipper, nor discriminate between shippers in any manner whatever, upon any pretext whatever.
 - (5) The Governments will undertake, on their side, to protect the Tenderer against unfair competition in the manner set forth in separate resolutions.
- (b) That the Government will enter into a Convention :—
 - (1) To provide for the efficient working and control of the combination being secured by the respective Colonial Governments the

administration of the Harbour Boards should be used if necessary as a means of defence by preference in berthing and discharging steamers under Government Contract and such other means as may be desirable or necessary.

- (2) To impose upon all steamers loading general cargo on the berth supplementary freight dues (at rates to be fixed hereafter) calculated upon the cargo for South African ports, and to be remitted on production of a sworn Declaration stating the freight charge and that no rebate or drawback has been given or promised and that no secret understanding or agreement exists. In case the Declaration shall show that the freight charge equals or exceeds the rate shown in the Government Contract, and shall also show the absence of any rebate or other secret arrangement the dues shall be remitted in full.
- (3) The dues shall be settled by Government after fuller consideration in detail, upon a basis which would ensure their adequacy for the purpose aimed at, subject to revision from time to time as may be agreed (as in the case of the Customs Convention), and always upon the understanding that, save as to such special dues, each port may fix its own dues as at present.
- (4) The co-operation of the Portuguese Government being advisable, the High Commissioner be requested to endeavour to arrange for similar dues at Portuguese ports, and failing such arrangements, be requested to take such action as may be necessary to effect the object.

The Conference adjourned at 5 p.m. till 10 a.m. Thursday, 25th August, 1904.

South African Shipping Freights' Conference.

MINUTES OF MEETING.

Johannesburg, August 25th, 1904.

(1) The Conference met at 10 a.m. All the Delegates were present

(2) The minutes of the preceding meeting were read.

(3) It was resolved that the letter to Mr. Corder be amended to read : "That the Conference will not call personal evidence for the present."

(4) The minutes were confirmed.

(5) Resolved that minute No. 5, of the 23rd August, should be amended to read : "Decided that witnesses from South Africa should not be called for the present."

(6) The Chairman read the following telegram from Karl Lithman & Co., Agents for the Swedish South African Steamship Line :— "We understand Ring threatens shippers with forfeit of rebates if taking goods from Scandinavia by this new direct line. Consider this most unfair and uncalled for as new line does not interfere with Conference Lines legitimate field—United Kingdom and Continent : more, it is surely most unjust of Ring to terrorise shippers from ordering Scandinavian exports as timber, &c., by this line although of advantage to South African public through cheap rates. We respectfully request you will kindly bring matter before your Conference." After discussion it was decided that Messrs. Karl Lithman & Co. should be asked to send some confirmatory evidence of their statement.

(7) The following resolutions, proposed by Mr. F. S. Tatham and seconded by Mr. J. Garlick, were carried unanimously :—

- (1) In the case of cargo from Continental or other ports, if necessary, in order to escape the special dues, it shall be necessary for the Sworn Declaration to show the exact port to port freight and that no secret or other arrangement exists whereby any division of freight or apportionment of freight takes place between the ship and any railway administration, or that any consideration, allowance, rebate or drawback of any kind is made by either to the other.
- (2) In the event of failure to obtain suitable tenders a further Conference be held to consider how far the South African Colonies can go in the direction of financial assistance to encourage or to aid in the establishment of new lines outside those now trading with South Africa or such other steps as may be necessary.
- (3) That the various Governments legislate to prohibit rebates and discrimination between shippers on the lines of the following Draft Bill up to the end of Clause (3).
"To regulate Charges for Sea Carriage in regard to Goods and Passengers."

Be it therefore enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Legislative Council and Legislative Assembly of () as follows :—

- (1) The word "Shipowner" includes persons and Companies being owners or charterers of sea-going vessels carrying Goods or Passengers for hire to or from any port of ().
The word "Trader" includes any consignor or consignee of goods carried for hire by sea to or from () but does not include any Department of State, nor any Statutory Corporation created exclusively for public purposes, but includes Joint Stock Companies.
- (2) No Shipowner shall make, give, or promise any undue or unreasonable preference or advantage to or in favour of any particular Trader, or any particular description of traffic, in any respect whatsoever; nor shall any Shipowner subject any Trader to any undue or unreasonable prejudice or disadvantage in any respect whatsoever.
- (3) If any Shipowner shall, directly or indirectly, by any special rate, rebate, drawback, or other device, charge, demand, collect or receive from any person a greater or less compensation for any service rendered or to be rendered in the carriage of Goods or Passengers to or from any port in () than it charges, demands, collects, or receives from any other person or persons for doing for him a like and contemporaneous service in the carriage of a like kind of traffic under substantially similar circumstances and conditions, such Shipowner shall be guilty of unjust discrimination, which is hereby prohibited and declared unlawful.

(8) It was resolved that section (A) of Mr. Tatham's proposal of August 24 be amended to read as follows :—

That in the opinion of this Conference the proportionate difference in rates to various ports having first been arranged the South African Governments should jointly call for tenders for the conveyance from the United Kingdom of their own stores and such other cargoes as may be guaranteed under the co-operation referred to in Clause () for five years. The Governments having the option to renew for one year, either at an all-round rate or upon the classification basis to be set out in detail in the tender (each tender to be accompanied by adequate security for its performance), upon a uniform contract to be settled in advance and containing *inter alia* the following special features :—

- (1) Provision as to passenger rates and homeward cargo.
- (2) The Tenderer will engage to carry for any other person or body on the same terms all such cargo as may be offered.
- (3) The Tenderer will provide weekly sailings at least from London and such further sailings as the traffic shall demand.
- (9) It was resolved that in Clause (n) the following should be inserted after the word convention : "To provide for the efficient control and working of the combination being secured by the respective Colonial Governments the Administration of the Harbour Boards should be used, if necessary, as a means of defence by preference in berthing and discharging steamers under Government Contract and by such other means as may be found desirable or necessary."
- (10) It was resolved that sub-section (t) of Section (b) of Mr. Tatham's proposal be altered to read as follows : "To impose upon all steamers loading general cargo on the berth supplementary freight dues, etc."

(11) The following resolution, proposed by Mr. Tatham and seconded by Mr. Hosken, was unanimously passed: " Steamers from Continental ports or ports of the United States of America shall for the purpose of the special dues be treated as steamers from the United Kingdom with liberty to the Governments being parties to the arrangements to extend the rule to any other ports should conditions arise justifying such action: no such change, however, being made without the consent of the other Colonies to be obtained as provided in Clause (15).

(12) It was resolved that all importers and Public Bodies entering into the proposed arrangement with the Governments shall sign a contract under sufficient penalties for the due performance of their obligations.

(13) It was resolved that provision must be made to obviate any method of classification designed for the purpose of defeating the objects aimed at specially in regard to computation of the freight by weight instead of by measurement.

(14) It was resolved that nothing in the proposed Convention shall be in conflict with the present mail steamer contract.

(15) It was resolved that the provisions of Article (25) of the Customs Union Convention shall apply with reference to any alteration or interpretation desired by any of the Colonies who are parties to this Convention.

(16) It was resolved that each Government represented at this Conference be requested to forthwith nominate a representative to the Executive Committee, which Committee will be charged with the duty of carrying the foregoing resolutions into effect.

(17) It was resolved that the following statement should be made to the Press: "The Freights Conference is at present engaged in examining and discussing documentary evidence of considerable proportions which has been laid before the Delegates. The deliberations cover a mass of correspondence, contracts, freight tariffs, recommendations of Parliamentary Committees and Mercantile Congresses, statistics, etc. In addition to this various proposals for freight arrangements, extending in some cases over many years, have been submitted to the Conference, as also many suggestions for dealing with the present position. It was decided by the Conference that the discussion should be in the first instance private and the results will be placed before the several Governments represented as speedily as possible. It may be mentioned that the question of the examination of witnesses has been discussed by the Conference and it was not considered necessary to take oral evidence at the present stage."

(18) It was resolved that the following Delegates be appointed a sub-Committee to draft a report:—Hon. E. H. Walton, M.L.A.; J. C. Maydon, M.L.A. and F. S. Tatham, Esq., K.C., M.L.A.

The Conference adjourned at 5 p.m., until 11.30 a.m. August 26th, 1904.

South African Shipping Freights' Conference.

MINUTES OF MEETING.

Johannesburg, August 26th, 1904.

1. The Conference met at 3 o'clock. All the delegates were present.
2. The minutes of the previous meeting were read and confirmed.
3. Proposed by the Chairman and seconded by Mr. Maydon that the resolutions of the conference be re-drafted to read as follows :—

The Conference is of opinion :—

- (a) That the present Tariff rates of freights charged to the general public and enforced by the Shipping Ring from the United Kingdom are excessive and detrimental to the interests of South Africa.
- (b) That the differentiation in rates by the Ring to South Africa between the United Kingdom and America is injurious to British manufacturers and offers unfair advantages to American trade.
- (c) That the present system of giving special Contracts by the Ring is mimical to the interests of South Africa, disorganises trade, and, if continued, will have far-reaching and prejudicial effects on the commerce of the country.
- (d) That the best means of obtaining reasonable, uniform, and maintained rates of freight from the United Kingdom to South Africa will be found in the co-operation of the South African Governments, Public Bodies and Importers generally.

2. That in the opinion of this Conference :—

The proportionate difference in rates to various ports having first been arranged, the South African Governments should jointly call for tenders for the conveyance from the United Kingdom of their own stores, and such other cargo as may be guaranteed under the co-operation referred to in clause (d), either at an all-round rate, or upon a classification basis to be set out in detail in the tender. The term to be for five (5) years, the Government having the option to renew for one year, and each tender to be accompanied by adequate security for its performance. The details of the contract, to be settled in advance, and to contain *inter alia* the following features :—

- (a) Provision as to passenger rates and homeward cargo.
- (b) The Tenderer to engage to carry on the same terms for any other person or body all cargo offered.
- (c) The Tenderer to provide weekly sailings at least from London, and such further sailings from London or elsewhere as the traffic shall demand.
- (d) The Tenderer to undertake not to grant, promise, or permit any rebate or drawback, or special rate, or preferential treatment whatever to any shipper, nor discriminate between shippers in any manner whatever, upon any pretext whatever.

(e) The Governments to undertake, on their side, to protect the Tenderer against unfair competition in the manner set forth in separate resolutions.

3. This Conference is of opinion that :

To provide for the efficient working and control of South African shipping by the respective Colonial Governments, the administration of the Harbour Boards should be used if necessary as a means of defence by preference in berthing and discharging steamers under Government Contract, and by such other means as may be desirable or necessary.

Resolutions to prevent unfair competition and ensure stability of rates.

4. That the South African Governments should enter into a Convention :—

(a) To impose special supplementary freight dues upon all steamers carrying general cargo loaded on the berth and steamers carrying full or bulk cargoes together with any proportion of general cargo, such dues to be fixed hereafter and to be calculated upon the tonnage of the general cargo carried in such steamers to South African ports. Such dues to be remitted in full on production of a sworn declaration, stating the freight charge and showing that it equals or exceeds the rate under the Government Contract, and that no rebate or drawback has been given or promised and that no secret understanding or agreement exists between the shipowner and any shipper in regard thereto.

(b) The dues shall be settled by the Governments after fuller consideration in detail, upon a basis ensuring their adequacy for the purpose aimed at, subject to revision from time to time as may be agreed (as in the case of the Customs Convention), and always upon the understanding that, save as to such special dues, each port may fix its own dues as at present.

(c) Steamers from Continental ports or ports of the United States of America shall, for the purpose of the special dues, be treated as steamers from the United Kingdom with liberty to the Joint Governments to extend the rule to any other ports should conditions arise justifying such action : no such change, however, being made without the consent of the other Colonies be obtained as provided in Sub-Section (h).

(d) In the case of cargo from Continental ports (or other ports if necessary), in order to be entitled to remission of the special dues, it shall be requisite for the sworn Declaration to show the exact port to port freight, and that no secret or other arrangement exists whereby any division of such freight charge, or apportionment of freight, takes place between the shipowner and any Government, or any Railway Administration or other authority or that any consideration, allowance or rebate, or drawback of any kind is made by either to the other.

(e) Provision must be made to obviate any method of classification defeating the objects aimed at, especially in regard to the computation of freight by weight instead of by measurement.

(f) All Importers and Public Bodies entering into the proposed agreement with the Government shall sign a contract under sufficient guarantee for the due performance of their obligations.

(g) Nothing in conflict with the present Mail Steamer Contract shall be inserted in the proposed Convention.

(h) The provisions of Article 25 of the Customs Union Convention shall apply with reference to any alteration or interpretation desired by any of the Colonies who are parties to this Convention.

5. This Conference is of opinion that :—

The co-operation of the Portuguese Government being advisable, the High Commissioner be requested to endeavour to arrange for similar dues at Portuguese ports.

6. This Conference is of opinion that :—

In the event of failure to obtain suitable tenders the Conference should consider how far the South African Colonies can be recommended to go in the direction of financial assistance to encourage or to aid in the establishment of new lines outside those now trading with South Africa, or to adopt such other course as may be necessary.

7. This Conference is of opinion —

That the various South African Governments should legislate to prohibit rebates and discrimination between shippers on the following lines :—

"To regulate charges for Sea Carriage in regard to Goods and Passengers."

Whereas it is desirable to regulate charges for Sea Carriage in regard to Goods and Passengers carried to, or from () ;

Be it therefore enacted by the King's most Excellent Majesty, by, and with the advice and consent of the Legislative Council, and Legislative Assembly of () as follows :—

1. The word "Shipowner" includes persons and Companies being Owners or Charterers of Sea-going vessels carrying Goods or Passengers for hire to or from any port of ().

The word "Trader" includes any consignor or consignee of Goods carried for hire by sea to or from ().

2. No Shipowner shall make, give, or promise any undue or unreasonable preference or advantage to, or in favour of any particular Trader, or any particular description of traffic, in any respect whatsoever, nor shall any Shipowner subject any Trader to any undue or unreasonable prejudice or disadvantage in any respect whatsoever.

3. If any Shipowner shall, directly or indirectly, by any special rate, rebate, drawback, or other device, charge, demand, collect, or receive from any person a greater or less compensation for any service rendered or to be rendered in the carriage of Goods or Passengers to or from any port in () than he charges, demands, collects or receives from any other person or persons for doing him or them a like contemporaneous service in the carriage of a like kind of traffic, under substantially similar circumstances and conditions, such Shipowner shall be guilty of unjust discrimination, which is hereby prohibited and declared unlawful.

8. This Conference is of opinion that :—

The Governments concerned should nominate representatives to an Executive Committee charged with the duty of carrying the foregoing resolutions into effect.

4. The following interim report was read and approved :—

Interim Report of the Conference of delegates from the South African Colonies appointed to consider the charges for Ocean Freights.

1. The Conference has adopted the view that its duty was rather to suggest remedies for the grievances recognised and felt universally throughout South Africa than to travel again over ground already amply covered by the

reports of various Commercial Congresses and other Public Bodies and notably by the report of the Select Committee of the House of Commons, on steamship subsidies.

2. The Conference felt that it had sufficient knowledge of the facts from the standpoint of South African interests and its conclusions are expressed in the resolutions embodied in this report, and the Conference is of opinion that if the suggestions are adopted they will supply a remedy to the evils complained of.

3. With reference to the proposed legislation prohibiting a discrimination between shippers, the Conference is aware that such contracts are usually entered into beyond the jurisdiction of the South African Courts. Under the circumstances the Conference has been obliged to content itself with the suggestion that legislation should be enacted laying down the policy of South African law on the question of discriminating contracts. The effect of the legislation would be to make any such contracts illegal and inoperative so far as they are designed to take effect within the jurisdiction of the South African Courts.

4. The Conference does not consider it necessary to amplify the resolutions which follow. They are based upon the conviction that relief from the present unsatisfactory position is only to be found in the firm co-operation of the South African Governments and Importers and Exporters, and the Conference believes that the suggested measures will provide machinery both for effective South African co-operation and for the protection of the interests of the Colonies, while they also provide just consideration for those engaged in the Ocean Transport Service.

5. The Conference therefore begs that the proposals now put forward provisionally may be submitted to the South African Governments and to the Mercantile Community for consideration and criticism at the earliest possible date. With this object the Conference has appointed Sub-Committees for the purpose of recording the views of those whom it may be desirable to examine with reference to the suggested scheme. The Conference accordingly stands adjourned.

6. The resolutions referred to are as follows :—

(RESOLUTIONS AS IN MINUTES.)

5. Resolved that a copy of the full verbatim report be sent to each of the Delegates.

6. Resolved that the Draft Report as read be adopted as the report to be presented by the delegates to their respective Governments, and that publication be deferred until such Governments have agreed with the High Commissioner to publish it.

7. The following telegram from the Pretoria Chamber of Commerce was read : "This Chamber desires to have an opportunity of tendering evidence to your Commission. Please inform us when Commission can receive representatives for that purpose." The Secretary was instructed to inform the Chamber of Commerce that their telegram had been read before the Conference, and that a reply would be sent at a later date.

8. Mr. Strange having read a letter from the General Manager of the Central South African Railways in which he requested to be allowed to give evidence before the Conference, the Secretary was instructed to write and inform him that a reply would be sent at a later date.

9. Resolved that the following should be communicated to the Press "The Freight's Conference has drafted an interim report which is being submitted to the various Governments interested. The Conference adjourned today after appointing Sub-Committees to undertake certain sections of the work pending the re-assembling of the Conference."

* 10. Resolved that a Sub-Committee, consisting of Messrs. Hosken, Strange and Smitheman, is hereby appointed to receive the views of those whom it may be desirable to examine and to communicate with other Delegates, and that Mr. C. W. Villiers, the Secretary to the Conference, shall act as Secretary of the Sub-Committee. And further that Messrs. Garlick and Walton be a Sub-Committee to act in a similar capacity in Cape Town. Each Sub-Committee to have power to appoint substitutes with the approval of the nominating Governments.

11. A vote of thanks to the Chairman was proposed by Mr. Maydon, seconded by Mr. Strange, and carried unanimously.

The Conference adjourned at 5 p.m., *in die*.

APPENDIX I.

SUMMARY OF DOCUMENTARY EVIDENCE LAID BEFORE THE CONFERENCE.

Serial No.	Date.		Page.
I.	27 1 98	Conference between S.A. Merchants' Committee and counter proposals by the Shipowners. Arrangements come to March, 1893. 1: Rates to East London and Natal to be 7.6 over Cape Town and Algoa Bay (p. 32). 2: Protection to Merchants who ship exclusively by Conference Lines in regard to outside steamers (p. 32). 3: Shipowners undertake not to ship on their own account. Steamers to sail full or not full. Rates not to be increased without reasonable notice, or beyond 5% for the first and second class, 3.9 for third class, and 2.6 for fourth class (p. 32). Memorandum setting forth agreement between S.A. Merchants Committee and S.A. Steam Lines. 1: Shippers not to lose rebate on previous shipments if compelled under instructions to ship goods of a client by an opposition steamer. 2: Rebate Notice of 27th January, 1898, adopted, and Compact of 9th March, 1893, confirmed (p. 33). Rebate Notice attached (p. 33).	25-34
II.	19 7 99	Copy of Ocean Mail Contract made between the Government of the Cape Colony and the Union Steamship Company, Limited, and Castle Mail Packets Company, Limited.	35-46
III.	8 1 99	British Iron Trade Association to Board of Trade stating that British trade was suffering owing to British shipping companies charging lower freights from Continental ports than from English. Ask for Royal Commission to enquire into the whole subject. Supported by S.A. Merchants Association.	47
IV.	17 1 99	Letter from Sir Donald Currie to Board of Trade states that S.A. Mercantile Association failed to secure the support of the principal merchants in the Cape Trade, or of the Cape Parliament, in the efforts directed against the rebate system and shipping ring: offers to demonstrate worthlessness of statements put forward by S.A. Mercantile Association.	47
V.	19 5 00	Memorial from Association of Chambers of Commerce of United Kingdom to President of Board of Trade, urging Government to discontinue payment of subsidies to shipping lines which give preferential rates to goods from foreign ports.	48
VI.	9 6 99	Report of Deputation of British Iron Trade Association to President of Board of Trade, June 9th, 1899. Deputation ask Government to assist them by inserting a clause in mail contracts providing that the subsidised company should not carry foreign goods from Continental ports at lower rates than it carries British goods from British ports (p. 50). The President points out that Shipping Rings are not illegal, but promises to go fully into the question and make the facts on both sides public (p. 52).	50-53
VII.	26 6 99	Letter from Sir Donald Currie to Board of Trade in answer to statements made by deputation of British Iron Trade Association (p. 51). Cape Parliament refused to insert the clause in their mail contract which the deputation asked for. The freight rates to South Africa are arranged by joint Conference of shipowners and merchants (p. 56).	54-57
VIII.	1 7 99	Sir Alfred Hickman replies on July 1st, 1899, to Sir Donald Currie's letter of 26th June, 1899; states that British traders' complaint is not so much that the rates of freight are too high, but that they do not get equal treatment in foreign ports (p. 59).	58-59
IX.	5 7 99	Mr. H. H. Clarke writing to President of Board of Trade, July 5th, 1899, states that though the rates of freight are the same from continental as from British ports, the German State Railways by their through tariff, give not only preferential railway rates, but on many classes of goods they give preferential sea freight.	60

APPENDIX I. *Continued.*

Serial No.	Date		Page.
X.	7.7.99	Sir Donald Currie writes to President of Board of Trade in answer to Sir A. Hickman and Mr. Clarke stating that British shipowners have no control over or responsibility in the matter of the through rates allowed by German State Railways.	51
XI.	5.7.99	Letter from Consul General at Hamburg to Board of Trade states that the subject of preferential rates by the German State Railways and German East African and Levant Line Steamers has been repeatedly brought before the public.	62
XII.	10.7.99	Sir D. Currie writes to Board of Trade, criticises Mr. Clarke's letter to Board of Trade published in "Times" of July 5th. Mr. Clarke and the S. A. Mercantile Association while assisting to establish a rival mail steam service to South Africa, say that they have no prejudice against shipowners at present engaged in the Trade. Mr. Clarke suggests that rates should be higher at Continental ports than at British ports.	63-64
XIII.	19.7.99	Mr. H. H. Clarke, replying to above letter (XII.), states that he only asks that sea freights from British ports should be as low as those from foreign ports, and it is for this purpose that the whole agitation was started.	65
XIV.	3.7.99	Sir W. Dunn, writing to President of Board of Trade, states that if there were no combination of British steamers the rates from British ports would undoubtedly more than counterbalance the advantage given by the German Government to German Goods. Owing to low freights the United States of America has secured the South African markets in many articles that formerly went exclusively from the United Kingdom.	66-67
XV.	7.7.99	Sir D. Currie to President of Board of Trade repudiates statements by Sir A. Hickman. British lines have nothing to do with German preferential rates (p. 47). Objects to Mr. Clarke accusing him of being responsible for cheaper rates from German inland towns. The trade will not warrant introduction of fourth class steamers as suggested by Mr. Clarke. British lines have no knowledge, nor are they responsible for any arrangements as to sea freight made between German Railways and German Steamships.	68-69
XVI.	11.8.99	Draft circular sent to all British Colonies to enquire into displacement of British trade with Colonies.	70
XVII.	16.8.99	Board of Trade agrees to Draft circular and suggests that differential rates on exports from the Colonies be enquired into.	71
XVIII.	25.8.02	Letter to Sir Albert Hime from Sir Donald Currie, August 25th, 1902, in answer to statements made in Natal Legislative Assembly at Maritzburg, denies that the Conference favours foreign shippers and manufacturers. Interference on part of Government as to rebates, etc., inadmissible. Encloses previous correspondence with Sir Gordon Sprigg in 1894.	72-84
XIX.	14.2.03	Letter addressed to the Press by the S. A. Steam Lines refuting statements made in the report of the British South African Company with reference to oversea freights. Freights to Beira 80/- per ton inaccurate. Large quantities of material carried to Beira at 22/- 6d and to Algoa Bay at 17/- to 19/- 6d. Gives oversea freights on articles of daily consumption shewing that sea freight has nothing to do with the high cost of living in Rhodesia. Railway rates and high duties real cause of high cost of living.	85-87
XX.	25.2.03	Answer to above letter, through the Press, by the Secretary of the British South Africa Company. Gives instances of high freights charged to Beira on various articles. Average price of sea freight on railway material 65/- per ton. Company saves at the rate of £20,000 per annum by shipping coal independently of Conference Lines. Nearly all necessities of life admitted to Rhodesia duty free. Imperial Government and Governments of South Africa should give their contracts to	88-89

APPENDIX I. *Continued.*

Serial No.	Date.		Page.
		shipping companies who give fair rates to the public. Foreign manufacturers benefitted by low rates.	
XXI.	11/3/03	Letter from S. A. Steam Lines to Director of British South Africa Company, states it is unfair of the Secretary to quote rates on dangerous articles and heavy railway material which are necessarily higher than ordinary cargo, alleged saving by shipping coal independently of Conference lines is fallacious. Denies that the South African Line give the foreign manufacturers in Europe lower rates. Lower rates in America due to Houston's opposition.	90-91
XXII.	19/3/03	Letter from Sir Donald Currie to Mr. Chamberlain dated 19th March, 1903, in which Sir Donald Currie takes objection to remarks made by Mr. Balfour and Lord Onslow (p. 92). Denies statements made by Secretary to British South Africa Company (p. 93). Expresses surprise at the suggestion that Imperial and Colonial Governments should interfere on behalf of merchants and manufacturers against shipowners (p. 94). Denies that freights are too high, and says that they are agreed to by the South African Merchants' Committee (p. 95). Denies that Conference Lines favour foreign manufacturers and shippers (p. 96). Refers to his letter to Sir Albert Hime of 25th August, 1902.	92-97
XXIII.	19/2/03	Elkin Anti-rebate Act compels steamers to publish the tariff of rates and charges and to observe the same until changed according to law. Secret rebates, concessions, and discriminations to be illegal.	98-100
XXIV.	12/11/03	Transvaal and Orange River Colonies tender for the conveyance of cargo to South Africa, with form of Contract, Bill of Lading and Bond annexed, which was not accepted by any lines of steamers.	101-107
XXV.	17/2/04	Text of Contract made between Messrs. J. & A. B. Freeland for account of the Crown Agents for the Colonies and the S. A. Steam Lines.	108-112
XXVI.	17/2/03	Resolution of Barrow-in-Furness Chamber of Commerce urges the Government to decline to support the S. A. Conference Lines while their present methods are in force.	113
XXVII.	4/3/04	Letter from S. A. Steam Lines to Secretary of State for the Colonies, March 4th, 1904, objecting to Mr. Duncan's (Colonial Secretary for the Transvaal) charge that the present sea freights are enormous. Stating railway rates are the real reason of the high cost of living, not ocean freights.	114-116
XXVIII.	30/3/04	Answer to above, No. XXVII., acknowledges letter, and points out that the figures of railway rates are incorrect.	117
XXIX.	30/4/04	Report of the joint meeting of the Chambers of Trade and Chamber of Commerce, Johannesburg, April 28th, with special reference to shipping freights.	118-122
XXX.	1/6/04	Rates of freight to South Africa from 1st June to 31st December, 1904, as agreed between the Cape Colony Government and the South African Steam Lines.	123
XXXI.	1/6/04	Agreement between Sir Walter Peace (on behalf of Natal Government) and the South African Conference Lines for the conveyance by sea of Government's stores, etc.	124
XXXII.	13/6/04	Letter from W. J. Corder on British Trade depression—specially referring to freights from New York.	125-128
XXXIII.	16/6/04	Proceedings of Annual Congress of the Association of Chambers of Commerce of South Africa. Resolutions passed agreeing to Inter-Colonial Shipping Freights Conference. The Conference to endeavour to obtain reasonable, uniform and maintained rate of freight.—Government con-	129-133

APPENDIX I. *Continued.*

Serial No.	Date.	Page.
		tract to include proviso for all other cargo to be carried at the same rate—to make it illegal to differentiate between shippers—abolish rebates—to introduce legislation to enforce resolutions.
XXXIV.	29.7.01	Letter from Edward Lloyd of the Bucknall Steamship Company, Limited, to Douglas Owen. Freight rates by regular and fast cargo boats necessarily higher than by tramp steamers (p. 134). No rapid growth of American trade during existence of low freights (p. 134). If Governments protest Conference from opposition, parity of rates between New York and United Kingdom could be maintained. Governments must pay higher rates to put rates to merchants on the same level. No just grounds for Government interference, rates not excessive. Bucknall Line pays no dividends upon share capital (p. 135). Quotes Mr. Birchamough as to rebates being a protection to merchants as well as to shipowners. Suspension of rebates in America causes opposition from New York to South Africa (p. 136). Alternative to rebate system is protection of shipowners by Colonial Governments (p. 136). 134-136
XXXV.	15.8.01	South African Shipping Freights—the facts dissected and impartially reviewed from their different aspects by Douglas Owen, Esq. 137-147
XXXVI.	1.7.01	South African Rates of Freight during Houston Competition and present rate. 148
XXXVII.	1.8.01	Comparative Table of imports into Cape Colony from United Kingdom and United States of America for the years 1890, 1895, 1898, 1903. 149
XXXVIII.	1.8.01	Comparative table of freights and distances from England to South Africa, Australia, India and River Plate. 150
XXXIX.	1.8.01	Comparative table of regails on various articles from United Kingdom and New York to Cape Town, Port Elizabeth, East London and Durban. 151
XL.	1.8.01	Comparative table of freights of various classes of goods between England and Cape Town, New York and Cape Town, England to Sydney, Antwerp to Sydney, Antwerp to Sumatra. 152
XLI.	1.8.01	Suez Canal Dues. 153
XLII.	11.7.03	Extract from <i>Manchester Guardian</i> , July 11th, 1903, pointing out that owing to rebate system of shipping rings no shippers can come to load at Manchester for Cape Town and Natal and other ports which handicaps the cotton trade to the amount of £250,000 per annum. Elkin Anti Rebate Act in America prevents this conspiracy "in restraint of trade." 154-155
XLIII.	5.1.03	Accounts of Union Castle Company for 1900 published in supplement of "S.A. Exports, January, 1903," shewing net profit of £99,295. 156-157
XLIV.	31.5.01	Article in <i>Daily News</i> condemns the S.A. Shipping Ring and welcomes the action of Colonial Office in defending British trade in South Africa. Slow speed steamers detrimental to British manufacturers. Compares rates of freight between United Kingdom and Cape Town and New York and Cape Town. Low rates from America due to wholesome competition. Mr. Nichol Jenkin, who was sent out to investigate trade conditions in the Colony, points out that there should be slow, medium and fast steamers, with rates in proportion. A remedy must be sought by co-operation of Colonial Office and the Colonies. 158-159
XLV.	13.5.01	Article in <i>Manchester Guardian</i> points out the great advantage given to American trade with South Africa owing to low rates of freight obtaining. Depreciates the Rebate system. 160-161

I.

**Conference between the South African Merchants' Committee
and the Steamship Owners engaged in the Trade with
South Africa.**

FREIGHT, &c.

A.—Copy of Resolutions, dated 10th October, 1892, adopted by the South African Merchants' Committee, and presented by them to the Ship-owners, at a Joint Meeting held at 3, Fenchurch Street, E.C., on Thursday, the 27th day of October, 1892.

1. That having regard to the rates of steam freight now obtaining with Australia and elsewhere, the rates of steam freight with South Africa are greater than the present situation warrants.

2. That there be a revision of the rates of freight to the various ports having regard to—

1. Geographical situation.
2. Amount of homeward cargo.
3. Facilities for discharge, loading, and coaling.

Shippers to East London and Natal have for a considerable time felt that, owing to the great improvement made at the ports of East London and Natal, and the facilities for discharging alongside the wharves, their rates should not be more than 5s. per ton on each class above Port Elizabeth rates—especially in 3rd and 4th Classes.

Cement, which comes under the 4th Class weight, should be 27s. 6d. ; the present rate at Port Elizabeth being 22s. 6d., and to Natal 35s.

3. That the amount and repayment of the rebates be the same as obtains in the Australian trade, viz., 10 per cent. is added to the freight; when freight is paid 5 per cent. is deducted. On the 1st July 10 per cent. is allowed on July—December shipments; on 1st January 10 per cent. is allowed on January—June shipments.

4. That some agreement be concluded whereby, in return for the arrangements existent between the present Steam Lines (in combination) and the Merchants trading to South Africa, the Merchants are protected from outside operations where those who are not weighted by any rebate can avail themselves of a low freight.

5. That the various Steam Lines undertake that no cargo will be taken out on agents' or ship's account for sale in South Africa.

6. That the present Steam Lines in combination should bind themselves under penalty to sail on the advertised date.

7. That sufficient tonnage be provided in the height of the seasons for the conveyance of produce from South African ports (especially East London), and that vessels of a light draught of water capable of crossing the bar be provided for conveyance of all merchandise to East London.

(Signed)

WILLIAM M. MUIR,

Secretary.

68, Coleman Street, London, E.C.,
October 10th, 1892.

B. Copy of the Statement of the Shipowners in reply to the foregoing resolutions, read to the Merchants by Alfred Giles, Esq., on behalf of the Shipowners, at a Conference held in the Cannon Street Hotel, on Thursday, the 3rd of November, 1892.

With reference to the printed Resolutions adopted by the South African Merchants Committee dated 10th October, 1892, and placed in the hands of the Shipowners on Wednesday, 26th October, and to the Conference of Shipowners and Merchants, held at 3, Fenchurch Street, on the following day, Thursday, 27th October, which Meeting was adjourned until Thursday, the 3rd of November, the following is what the Shipowners submit in reply, *seriatim*, to the proposals of the Merchants :

1. The Shipowners are of opinion that the rates of steam freight to and from South Africa are not higher than the situation warrants, for the simple reason that the Shipowners are not earning the profit they are entitled to.

The rates of freight current to Australia are quite exceptional, owing to excessive opposition in that trade, and cannot reasonably be contrasted with the rates to South Africa.

II. The Shipowners agree :

(1) That geographical situation should be taken into account in determining rates of freight, but there has also to be taken into account the amount of traffic to and from the specific ports. A regard to geographical situation would mean for Port Elizabeth an increase of the freight beyond the rates charged to Cape Town, but the merchants connected with Port Elizabeth have not hitherto shown any disposition to approve of this course.

On the other hand the Cape Town Merchants have asked for a reduction below the Port Elizabeth rates. How can these conflicting views be reconciled?

(2) That with regard to the amount of homeward cargo available, the Shipowners can assure the Merchants that there is no foundation for the statement that an adequate amount of tonnage is not supplied. On the contrary, it can be safely asserted that the space supplied by the mail companies and the Natal Lines is twice, if not three times, as much as the whole of the cargo shipped from South Africa would fill.

(3) That the cost of facilities for discharging and loading is to a large extent borne by the Shipowners themselves, and no claim can be established in favour of reduced rates of freight from ports such as Natal, where coal is available, for the simple reason that such coal is at least 25 per cent. less valuable in burning power than Welsh coal, with the disadvantage of double labour and expense in stoking and in dealing with the refuse thrown overboard.

The proposal that the rate to East London and Natal should not be more than 5s. per ton on each class above Port Elizabeth is unreasonable, because the Shipowners pay 5s. per ton for the landing of measurement cargo at East London, and 5s. 6d. per ton for landing weight, in excess of the expense incurred at Port Elizabeth. It is also to be observed that the Mail and other steamers, discharging cargo outside the bar at Natal have to bear an expense of 8s. 6d. per ton.

In regard to Cement, the Shipowners understand the Merchants to desire that 27s. 6d. shall be the rate of freight to East London which practically means that the Shipowners should be satisfied with a rate of 22s. per ton, or in other words 6d. per ton less than the rate charged to Cape Town. This does not tally with the theory of geographical situation.

Shipowners would point out an error in the statement of the Merchants to the effect that the present rate to Natal for cement is 55s., for it is 30s.

III. The Shipowners cannot see their way to alter the rebate system as a system, or to make it identical with the system which prevails in the Australian trade. Their view is that it will be desirable without delay to make the Prima^{ge} 15 per cent, instead of 10 per cent, on all Freight outwards and homewards, off which the rebate will be 10 per cent.

IV. The Shipowners are quite prepared to arrange with the Merchants whatever may be for the protection of their mutual interests.

V. In a general way the Shipowners agree with the Merchants that it is very desirable no cargo should be taken on ship's account, but this has to be qualified by a consideration of the question whether sufficient cargo is supplied by the Merchants to fill the steamers despatched to South Africa.

VI. The Shipowners do not acknowledge that they are a combination, but they individually agree that regularity in departures is desirable; and they take it for granted that, at the Conference held on the 27th October, it was admitted by the Merchants that the Mail Companies and other Lines do sail with such punctuality as to leave no cause for complaint.

VII. The Shipowners feel satisfied that the Merchants will admit there is sufficient tonnage provided for the conveyance of all the produce that is imported from South Africa. The Mail Companies and the Natal Direct Lines will provide sufficient tonnage, as they do now, in order to meet the requirements of Merchants, but the Shipowners are surprised that the proposal should be made that vessels of a light draught of water, capable of crossing the bar at East London, should be provided for the conveyance of merchandise to East London, when it is well known that there are vessels in the trade specially built for this purpose and others in course of construction.

London, 1st November, 1892.

C.—Copy of the Statement of the Merchants' Committee in reply to the Statement of the Shipowners (marked B.) delivered to the Merchants at the Meeting held at the Cannon Street Hotel on Thursday, the 3rd November, 1892.

The suggestion made by the Merchants' Committee for a sub-committee of Merchants and Shipowners to meet for Conference having been declined, and the Shipowners having insisted, although contrary to what the Merchants understood to be the spirit of the speeches of Sir Donald Currie and other Shipowners at the meeting at Cannon Street Hotel on the 4th May, 1892, that the reply to their Memorandum of 1st November, 1892, be made in writing, the Merchants reply as follows:

In Merchants' Memorandum No. I, Section VI., reference is made to the present Steam Lines "in combination," and in Shipowners' Memorandum No. I, Section VI., the Shipowners "do not acknowledge that they are a combination." At a Conference, however, the Shipowners asked the Merchants to send their communications to Mr. Lee Wright, who would communicate, so the Shippers said, with the Steam Lines. The Merchants feel they have a right to ask whether, in the Combination, or Alliance, or whatever may be the mutual relationship subsisting between the various Steam Lines, the act of any one of these Steam Lines does or does not bind all. If a document be signed by each of the Steam Lines, of course this document is binding on each. What the Merchants desire to know is whether any act (*not the subject of such written memorandum*) of one of the Steam Lines is binding on each and all. The Merchants feel that whereas their relative positions are known to the Shipowners, the relative positions of the Shipowners have not been made known to the Merchants.

(The numbers hereinafter referred to are found on the Merchants' Memorandum of 10th October, 1892, and the Shipowners' Memorandum of 1st November, 1892.)

I. The reason why the Shipowners may not be earning profit is not necessarily owing to the existent rates of Steam Freight to and from South Africa; because (a) The Shipowners in their balance sheets may be entering the Steamers at a cost higher than their present value, or (b) their expenses

of management may be too high, or (c) the boats may not be suitable cargo carriers, or (d) the subsidies which are being mutually paid or received among themselves to prevent outside competition may be heavy, or (e) the extraneous services which are being maintained other than the South African services may be onerous, or (f) some of the Steamers may be obliged to lie idle, or because of other reasons. Merchants feel that they (like Shipowners) may also be entitled to profits which, however, they are unable to realise. The FACT which is before the Merchants is that shipments may be made to South Africa at lower Freight than are now being charged by the various Steam Lines. It may be open to consideration whether the rates of Freight should be revised occasionally in harmony with the general current market Steam rates.

2. The intention of this clause is that in a revision of rates of freight the three items specified, viz.:—

1. Geographical Situation.
2. Amount of Homeward Cargo.
3. Facilities for discharge, loading, and coaling.

should be conjointly taken into consideration.

Merchants consider the reply of Shipowners to the suggestion for a reduction to East London unsatisfactory, it being a fact that only Mail Companies' Steamers pay the landing charge of 5s. per ton on measurement and 5s. 6d. per ton on weight. The Mail Boats carry but a portion of the cargo to East London, and as a rule only 1st and 2nd class goods; all other steamers enter the river and pay no Boat Hire, Harbour Dues, or Wharf Charges, and they get 7s. 6d. or 10s. more per ton than for the same goods to Algoa Bay. The extra distance is about 12 hours' steaming, and the East London Merchants contend that this is a case in which geographical position should be taken into account, and that for this 12 hours' service the suggested 5s. per ton is more than ample. Merchants would further point out that steamers entering the river are enabled to draw fires, clean engines, and save wear and tear. Cement is never now taken by vessels that cannot discharge at the quay, and the East London Merchants maintain that 27s. 6d. is a fair rate for this class of goods.

The cost of facilities for discharging and loading at Natal may to a certain extent fall upon the Shipowner, but this cost and the geographical position are fully allowed for in the 5s. Freight over the Port Elizabeth rates proposed in the Merchants' Memorandum, No. I.

Owing to the cost of landing from the outer anchorage the Mail Steamers may object to any reduction; but this argument cannot apply to other steamers, which steamers carry the large proportion of rough goods.

The rate for Cement was reduced from 35s. to 30s. on the 20th September, 1892, which was after the date that portion of the Merchants' Memorandum No. I was written, although printed on the 10th October.

It is also contended that, notwithstanding Natal coal is pronounced by competent engineers to be 9 to 16 per cent. less valuable in burning power than the best Welsh, it is a great advantage to those steamers which can load alongside the wharf.

3. The Merchants regret the clerical error which occurs in reciting the amount and repayment of rebates. What they intended to point out was that they should receive, of the 10 per cent. rebate, 5 per cent. when the Freight is paid, and 5 per cent. at the end of 6 months. The Merchants protest against an increase in the rates of primage.

4. The Merchants note that the Shipowners are prepared to arrange with the Merchants for protection from outside operations, where those who are not weighted by any rebate can avail themselves of a low rate of Freight.

In view of the present competition by German steamers between Continental ports and South Africa, (a) this is a point needing immediate attention; (b) also whether consignments shipped by German steamers or purchases made c.l.l. by these steamers Shipowners regard as such an infringement of the understanding as involves the cancellation of all rebate; (c) also whether Merchants are debarred from accepting orders for the shipment of produce homewards on account of firms who may request their shipments to be made by the German steamers.

5. The Shipment of Cargo on Steamer's account is a point also requiring prompt arrangement.

6. The Merchants did not and cannot admit that all the Lines other than the Mail Companies sail with such punctuality as to leave no cause of complaint.

7. The Shipowners point to a general sufficiency of tonnage for the conveyance of all produce imported from South Africa, a reply which entitles the Merchants to assume that the Shipowners admit the accuracy of the statement of the Merchants that sufficient tonnage is not provided in the "*height of the seasons*" for the conveyance of produce.

The Merchants would be glad to learn the names of the vessels now in the trade specially built to cross the bar at East London and Natal, and available for homeward produce, and being built for these services.

WILLIAM M. MUIR,

Secretary.

68, Coleman Street, London, E.C.

13th December, 1892.

D.—Copy of the reply of the Shipowners to the Statement of the Merchants' Committee (marked C), dated the 13th December, 1892.

Leadenhall Buildings,

Gracechurch Street, London,

3rd January, 1893.

Dear Sir,

I am desired by the Shipowners, in anticipation of their early meeting with the Merchants' Committee, to forward to you their reply to the Statement signed by you under date the 13th December last, as the answer of the Merchants to the Statement of the Shipowners, which was read by Mr. Alfred Giles at the joint meeting of the Merchants and Shipowners, held at the Cannon Street Hotel, on Thursday, 3rd November last.

In dealing with the seven points discussed in the Merchants' Statement under acknowledgment, I follow the order of your memorandum; but before replying in detail I am to call your attention to the fact that the Shipowners do not decline to appoint a Sub-Committee to meet the Merchants; they consider that a Sub-Committee can meet with more advantage after a decision has been arrived at as to the different details which it may be found desirable to leave to the consideration of a Sub-Committee.

I am also to point out, with reference to the second paragraph of the Statement, that as you were appointed by the Merchants' Committee to act as their Secretary, the Shipowners thought it proper to invite me to correspond with you.

I am to add, in regard to your specific inquiry, that the Shipowners do not admit that "the act of any one" of the Steam Lines is to be considered as "binding" on all the Lines. It is, however, to be understood that Mr. Alfred Giles, in reading to the Merchants at the Cannon Street Hotel, on the 3rd November last, the Shipowners' Memorandum, expressed the views of the Shipowners who had met to consider the Resolution of the Merchants dated the 10th October, 1892.

I now beg leave to reply to the clauses of the Merchants' Memorandum, *seriatim*.

I. The Shipowners do not find in the hypothetical suggestions of influences upon the revenue of the steamers engaged in the South African Trade any necessity for practical observation or response. They would, however, assure the Merchants' Committee that, in so far as concerns expenses of management, not one of the lines is earning sufficient to pay interest upon the capital employed, or to set aside a sufficient amount for depreciation, and

this without allowing anything whatever for personal management. This being so, the Shipowners confidently count upon the co-operation of the Merchants in an early resumption of the rates of freight current before the last reduction of the Tariff.

2. In regard to geographical position the Shipowners respectfully submit that your Committee has not replied to Clause 2 of the Shipowners' Statement of the 3rd November.

On the subject of coal the Shipowners would venture to suggest to the Merchants that, while in some types of furnace Natal coal may be more suitable than in others, the Shipowners must be guided by practical experience as to the comparative value and cost of working Natal and Welsh coal in their steam vessels.

3. The Shipowners note what the Merchants state as their view with respect to Primage, but it is not proposed to make any change at present.

4. The Shipowners have already taken steps with a view to the protection of Merchants from outside operations in regard to opposition steamers generally. They can only repeat that the Rebate Circular contains the terms on which rebates are allowed.

5. With regard to shipments of cargo on owners' account, the Shipowners renew the assurances contained in their Statement at the Cannon Street Hotel on the 3rd November.

6. If your Committee are still of opinion that some of the Steam Lines "other than the Mail Companies" do not sail with "such punctuality as to leave no cause for complaint," the Shipowners will be glad to know to what lines you refer, unless the Merchants prefer to represent their wishes direct to the Shipowners whom they may have in view.

7. The Shipowners do not acknowledge that the statement made by them on the 3rd November, in respect to a sufficient supply of tonnage provided for the conveyance of all produce from South Africa, "entitles the Merchants to assume that the Shipowners admit the accuracy of the Statement of the Merchants that sufficient tonnage is not provided in the height of the seasons for the conveyance of produce" from South Africa. The Shipowners submit that the steam tonnage available for homeward shipments throughout the year is more than double—it is about treble—the capacity required for the whole exports from South Africa, and amply sufficient in the "height of the seasons" for the whole of the South African shipments. There are exceptional times when it is impossible to foresee a pressure of homeward cargo for a special steamer. For example, advices have been received within the last fortnight that through the lateness of the shearing in South Africa, owing to the wet season, the consequent rush of wool to the seaports, and the sudden rise in the markets here, there has been a temporary pressure; but immediate steps were taken by the Mail Companies to meet the difficulty; and the Merchants may be assured that in the "height of the seasons," as well as in that part of the year when there is scarcely any wool at all for shipment, adequate tonnage will continue to be provided.

In reply to your final paragraph, I am to state that the details desired can better be given at the next meeting with the Merchants' Committee.

I beg leave, in conclusion, on behalf of the Shipowners, to express the hope that the foregoing may be considered satisfactory; and you will be good enough to inform the Merchants that the Shipowners will be happy to meet the Merchants' Committee at the Offices of the Union Steamship Company, on Tuesday next, the 10th instant, at 3 p.m., and in the meantime I will forward to you printed copies of this letter.

I remain, dear sir,
Your obedient servant,
LEE WRIGHT.

To Wm. M. Muir, Esq.,

Secretary of the Merchants' Committee,
68, Coleman Street, London, E.C.

E.—Report of F. Dyer, Esq., for East London; and A. Parker, Esq., for Natal; appointed as a Sub-Committee to meet Sir Donald Currie with regard to East London and Natal Rates, and to report to the Joint Committee of Merchants and Shipowners.

London, 3rd February, 1893.

In conformity with the wishes expressed at the meeting of the Joint Sub-Committee of Merchants and Shipowners held at 94, Bishopsgate Street, on the 28th January last, Messrs. Frederick Dyer and Archibald Parker have met with Sir Donald Currie, and full consideration has been given to all questions connected with the rates to East London and Natal; also to the rates current to all the South African ports, including Delagoa Bay.

The East London and Natal Merchants contend that the difference between East London and Port Elizabeth and the difference between Natal and Port Elizabeth should be 5s. per ton on all classes, instead of 7s. 6d. on first, second, and fourth classes, and 10s. on the third as at present.

They are further of opinion that rates to East London and Natal should be equal in all classes by all Steamers, except the Mail Steamers, which in the first class might be 2s. 6d. extra, and it should be understood that in placing Natal and East London on an equal footing, cargo should be delivered at East London on the Wharf, the same as is now done at Natal.

It is understood that the rates of freight should not be raised until the anomalies above referred to are settled on an equitable basis.

Sir Donald Currie for himself agrees to take the foregoing into immediate consideration with the other Shipowners.

F.—Memorandum setting forth the final result of various meetings of the Joint Committee, composed of Merchants and Shipowners engaged with the trade with South Africa.

London, 9th March, 1893.

1. On the 18th January, 1893, at a meeting of the Joint Committee of Merchants and Shipowners, held at the Offices of the Union Steamship Company, Limited,

IT WAS RESOLVED—

“That, with a view to a satisfactory arrangement, a Sub-Committee is hereby appointed to consider Clauses 1, 2, 4, 5, and 6 of the Shipowners’ letter of the 3rd January, 1893, and any other matter which may arise out of the printed circulars, and to report the same to a Joint Committee of Merchants and Shipowners.”

2. In pursuance of the above resolution, Sub-Committee meetings were held on the 24th January, 1893 (Tuesday), at the Offices of the Castle Mail Packets Company, Limited, and on the 26th January, 1893 (Thursday), at the Offices of the Union Steamship Company, Limited. Mr. Wm. Garland Soper was appointed Chairman of the Sub-Committee, and discussion was taken on the above-quoted clauses in the following order—viz., 2, 4, 5, 6, and 1.

3. The Report of the Sub-Committee, dated 26th January, 1893, was presented by the Chairman to the Merchants and Shipowners, at a Meeting held on the 5th February, 1893 (Tuesday), at the Offices of the Castle Mail Packets Company, Limited, when Mr. Wm. Garland Soper was re-appointed Chairman of the Joint Committee of Merchants and Shipowners. The Report was received.

4. The Clauses were then discussed, and the Meeting was adjourned until the 21st February, 1893 (Tuesday), at the Offices of the Union Steamship Company, and further adjourned until the 9th March, 1893 (Thursday), at the Offices of the Castle Mail Packets Company, Limited, when there were present:—

MERCHANTS: A. Barsdorf, Blaine, Sons and Co., Davis and Soper, William Dunn and Co., Dyer and Dyer, Hill and Paddon, Mosenthal, Sons and Co., Peacock Bros. and Weir, Seawright, Bell and Co., Wood and Parker.

SHIPOWNERS: The Union Steamship Company, Ltd., the Castle Mail Packets Company, Ltd., the Clan Line Steamers, Ltd., the British and Colonial Steam Navigation Co., Ltd., the Natal Line of steamers, Bullard, King and Company, the Aberdeen Line of Direct Steamers to Natal, J. T. Bennie, Son and Co.

5. Each clause was considered *separately*, and, after discussion, was passed as follows:—

Clause 2. It was agreed that the relative freight rates between all ports be maintained as at present, with the exception that the rate to East London and Natal on Class 3 be 7s. 6d. (instead of 10s.) over that to Cape Town and Algoa Bay; the question of orange at East London, the rates to Delagoa Bay, and the rates by intermediate steamers to stand adjourned.

Clause 4.

- (a) With reference to the protection of merchants in regard to outside steamers generally, it was agreed that in the event of merchants who confine their shipments exclusively to the South African Steam Lines, showing that competitors have had goods shipped from and landed at any ports covered by the Outward Rebate Circular on lower terms than those paid to the South African Steam Lines, these Steam Lines will (whenever they are satisfied the case demands it) allow such merchants a return of the difference between the terms on which they have paid to the South African Steam Lines, and the terms on which other shippers have paid to any outside steamer, provided always that the shipments are similar in character, and have been made within seven days before or seven days after, the date of the departure from the last port of loading of such outside steamer. This arrangement to be reconsidered if found to work inequitably.
- (b) No Merchant shall be entitled to claim this return on the same shipment from more than one Line.
- (c) No claim will be admitted on a less quantity than 5 tons weight or measurement, nor on any quantity in excess of the largest shipment landed by such outside steamer; and such claim shall only be applicable to one steamer of the Steam Lines.
- (d) The return of 10 per cent, as per Rebate Circular will not be paid on any shipment on which a return under this Resolution is paid, all Rebates, Returns, or Commission on outside steamers having first been allowed.
- (e) If Merchants accept consignments by outside steamers, such Merchants will not be entitled to claim any rebate, it being understood that special circumstances shall be dealt with on their merits by the Shipowners.

Clause 5. The Shipowners' assurance with regard to shipments of cargo on owners' account is, in the main, accepted.

Clause 6. It is agreed that the sailing date should be advertised, and that on this date the steamer should leave, full or not full.

Clause 1. Important reasons having been adduced why it may be reasonable for the rates of freight to be increased, it is agreed that the Shipowners shall judge when such increase shall take place, it being understood that the rates of freight are not to be increased

- (a) Until after reasonable notice has been given;
- (b) Beyond 5s. for 1st and 2nd class, 3s. 9d. for 3rd class, 2s. 6d. for 4th class.

6. On the motion of John Padron, Esq., seconded by Sir Donald Currie,

IT WAS RESOLVED—

"That the Report of the 26th January, 1893, amended as above, be adopted."

which Resolution, having been formally put to the Meeting, was carried.

7. It was then agreed that the same be printed and circulated.

8. On the motion of Sir Donald Currie, seconded by Mr. Macalister, and supported by Mr. Bell, a hearty vote of thanks was passed to the Chairman.

WM. GARLAND SOPER,

Chairman.

MEMORANDUM.

II.

London, 27th January, 1898.

The South African Merchants Committee, having, in the correspondence with the South African Steam Lines engaged in the South and East African Trade, dating from the 24th February, 1897, until the present time, made proposals with regard to the Rebate System, and assurances having been given by the said Steam Lines in that correspondence to the effect that protection would be provided for Shippers undertaking to support the Steam Lines, it is agreed at a Conference to-day between the South African Merchants' Committee and the South African Steam Lines engaged in the above trade, as follows:—

1. In consideration of the continued loyal support of the South African Merchants' Committee, and of Shippers to South and East Africa, who may comply with the conditions herein stated, the Steam Lines agree that Clause 3 of the "Notice to Shippers," shall not be held to disentitle such shippers, if compelled under instructions to ship the goods of a Client by an Opposition Steamer.

2. The Notice to Shippers, issued by the South African Steam Lines, dated the 27th January, 1898, is adopted, and the Compact of the 9th March, 1893, made between the South African Merchants' Committee and the South African Steam Lines, is confirmed.

On behalf of the South African Merchants' Committee,

(Signed) WM. GARLAND SOPER,
Chairman.

On behalf of the South African Steam Lines,

(Signed) LEE WRIGHT.

THE SOUTH AFRICAN STEAM LINES.

NOTICE TO SHIPPERS.

COMMISSION IN RESPECT OF SHIPMENTS.

London, 27th January, 1898.

Referring to the Notice to Shippers, dated 22nd December, 1892, Shippers to all ports of the Cape Colony and of Natal, and to Delagoa Bay, are hereby informed that until further notice, and subject to the condition and terms set out herein, each of the under-named Companies and Lines of Steamers will continue to pay to Shippers by their Line a commission of 10 per cent., calculated upon the net amount of freight received by such Company or Line from such Shippers on their shipments from the United Kingdom ^{and} the Continent.

The said Commission to be computed as hitherto every six months up to the 1st March and 1st September in each year, and to be payable nine months after such respective dates to those Shippers only who, until the date at which the Commission shall become payable, shall have shipped exclusively

by steamers despatched by the undernamed Companies or Lines of Steamers respectively, from the United Kingdom and the Continent to ports of the Cape Colony, Natal and Delagoa Bay, as defined below and set against their respective names and provided that such Shippers, either as Principals or as Agents, have not directly or indirectly made or been interested in any shipments to any of the aforesaid ports by Steamers other than those despatched by the undernamed, and also provided that the Statement of Claim for such Commission shall be made in the annexed form, within twelve months of the date of shipment to the Company or Line of Steamers which shall have carried the goods in respect of which the Commission is claimed.

The above Commission is not payable on the goods of any Consignee who directly or indirectly imports goods by steamers other than those despatched by the undernamed Companies and Lines of Steamers. The application of this clause has been arranged with the South African Merchants' Committee.

The Union Steamship Company, Limited ... to Cape Colony, Natal and
The Castle Mail Packets Company, Limited ... } Delagoa Bay.

The Clan Line Steamers, Limited, (Messrs Cayzer to Cape Colony, Natal and
Irvine & Co.) } Delagoa Bay.

The British and Colonial Steam Navigation Company's Steamers, loaded by Messrs. Boulders, Bros. & Co. of the South African Line ... } to Cape Colony, Natal and
Den & Co., of the International Line ... } Delagoa Bay.

The British and Colonial Steam Navigation Company's Steamers, loaded by Messrs. Alex. Howden & Co., of the International Line. ... } to Cape Colony and Delagoa Bay.

The Natal Direct Line, (Messrs. Bullard, King & Co.) } to Natal and Delagoa Bay.

The Aberdeen Direct Line, (Messrs. John T. Remond & Son & Co.) } to Natal and Delagoa Bay.

THE SOUTH AFRICAN STEAM LINES.
FORM OF STATEMENT OF CLAIM FOR COMMISSION IN RESPECT
OF SHIPMENTS.

.....190..

To Messrs. DONALD CURRIE & CO., Managers
The Union-Castle Mail Steamship Company,
3 and 4, Fenchurch Street, London, E.C.

Gentlemen,—

I beg to hand you the undernoted list of ^{our} shipments by the Steamers despatched by your Line during the six months ended..... upon which shipments we claim the Commission referred to in the Notice to Shippers on the first page hereof, dated 27th January, 1898, and such claim is made in accordance with and on the terms and conditions of the said Notice, which we have received, and with such terms and conditions we have complied.

The following are the particulars of the above-mentioned shipments, and they are in accord with the Bills of Lading.

I remain, Gentlemen.

Yours truly,

Signature of Shipper)

(Address) —.....

NOTE. —This declaration must be signed by a partner of the Firm claiming the Commission, or by someone holding the Firm's procreation.

COLONY OF THE CAPE OF GOOD HOPE.

OCEAN MAIL CONTRACT.

ARTICLES OF AGREEMENT made this nineteenth day of July in the year

One Thousand Eight Hundred and Ninety Nine, between the Honourable Sir David Tennant, K.C.M.G., Agent-General for the Colony of the Cape of Good Hope, acting for and on behalf of the Government of the said Colony, of the one part, and the Union Steamship Company, Limited, of 98, Bishopsgate Street Within, and the Castle Mail Packets Company, Limited, of 3 and 4, Fenchurch Street, both of the City of London, England, hereinafter called the "Contractors" jointly and severally of the other part. Witness that the respective parties hereto do hereby agree and declare with and to the other of them in manner following that is to say:—

1. For all purposes of these presents the term "Mails" shall be understood to comprehend all boxes, bags, baskets, or packets of letters, newspapers, books, or printed papers, patterns, post cards, parcel mails, and all other articles except as hereinafter provided, which under the regulations of the Post Office for the time being are transmissible by the Post without regard either to the country or place to which they may be addressed, or to the country or place in which they may have originated, and all empty bags, baskets, boxes, or other receptacles which shall be sent by or to or from the Post Offices in any country or place to or from which the Mails are to be conveyed in pursuance of this Agreement.

2. The Contractors shall at all times during the continuance of this Agreement, or so long as the whole or any part of the services hereby agreed to be performed ought to be performed in pursuance thereof, provide, maintain, and keep seaworthy, in complete repair and readiness for the purpose of carrying as hereinafter provided, all Her Majesty's Mails which shall at any time and from time to time by Her Majesty's Postmaster-General for the time being, hereinafter called Her Majesty's Postmaster-General, or the Postmaster-General for the time being of the Colony of the Cape of Good Hope, hereinafter called the said Postmaster-General or the Treasurer of the Cape of Good Hope for the time being, hereinafter called the Treasurer, or any of their officers or agents be required to be conveyed between Southampton and such other port in the United Kingdom as may be mutually agreed upon by the Treasurer and the Contractors, and Table Bay, Cape of Good Hope, and between Table Bay and Southampton, and such other port as aforesaid a sufficient number of good substantial and efficient steam vessels of adequate power and supplied with first-rate appropriate steam engines, and in all respects suited to the performance of the services hereby agreed to be performed within the respective times hereinafter stipulated. No alteration shall, however, be made in the port in the United Kingdom from which the Mails shall be conveyed, without the concurrence of the said Postmaster-General, and unless six months' notice in writing of the desire to make such alteration or such lesser notice as may be assented to by the said Postmaster-General or the Treasurer shall have been given by the Contractors to the said Postmaster-General or the Treasurer. The expressions "vessels employed in the performance of this agreement," or "vessels to be employed under this agreement," shall, unless otherwise specially mentioned, apply exclusively to vessels conveying Mails between the United Kingdom and Table Bay and *vice-versa*.

3. The vessels shall be subject to the survey and approval of the Board of Trade of England, and shall be manned by legally qualified and competent Officers, with appropriate certificates granted pursuant to the Imperial Act or Acts in force for the time being relative to the granting of Certificates to Officers in the Merchant Service, and also with competent Engineers and a sufficient crew of able seamen and other men with a competent and registered Surgeon.

Date when
Vessel to leave
and Ports to be
called at

1. Subject to the provisions of this Agreement, one of such vessels so equipped and manned as aforesaid, shall on every Saturday, commencing on Saturday, the sixth day of October, 1900, be in readiness to depart at four o'clock in the afternoon (until and unless any other day or hour shall under the proviso herein in that behalf contained be substituted instead thereof), and shall immediately after the Mails are embarked put to sea from Southampton or such other port in the United Kingdom as may be mutually agreed upon as hereinbefore provided, and proceed direct to Table Bay, calling at Madeira, and, or such other port or ports as may be appointed by the said Postmaster-General or Treasurer under the proviso herein in that behalf contained, and one of such vessels shall on every Wednesday, commencing on the third day of October in the year aforesaid, be in readiness to depart from Table Bay at four o'clock in the afternoon (until and unless any other day and hour shall under the proviso herein in that behalf contained be substituted instead thereof) and shall immediately after the mails are embarked, put to sea and proceed direct to Southampton or such other port as aforesaid, calling at Madeira and such other port or ports as may be appointed by the said Postmaster-General or Treasurer under the proviso herein in that behalf contained, and all such vessels shall convey the said Mails to Table Bay from Southampton or such other port in the United Kingdom as may be mutually agreed upon as hereinbefore provided, and to Southampton or such other port as aforesaid from Table Bay as aforesaid, calling as aforesaid, and the Contractors shall convey in such vessels from and to, and cause to be delivered and received at such of the ports or places aforesaid from or at which the said vessels are to start, call, and arrive in due performance of this Agreement all such Mails as shall or may be tendered or delivered to or received by the Contractors or any of their agents or servants by or from Her Majesty's Postmaster-General, or the said Postmaster-General or Treasurer, or any of their Officers or Agents, or by the recognised postal authority at any port at which the said vessels shall at any time during the continuance of this Agreement be appointed to call. In the event of the Contractors desiring at any time to discontinue the call at the Island of Madeira by any or all of such vessels on either the outward or homeward voyages, or to cancel the outward and homeward voyages, or to substitute any other port of call in lieu thereof, they shall be at liberty to do so, provided that reasonable notice (in no case less than twenty-four (24) hours) be given to Her Majesty's Postmaster-General or the said Postmaster-General prior to the departure of any such vessel of the intention not to call at Madeira, and naming the port, if any, to be called at in lieu thereof, and provided that arrangements are made to the satisfaction of the said Postmaster-General for the conveyance by means of one of the vessels employed in the Intermediate Ocean Service of the Contractors of the weekly mail to and from that Island hereinbefore agreed to be conveyed, and so long as such last-mentioned vessel shall be so employed it shall in respect of such service, except for the purposes of Clause 12 hereof, be considered to be a mail steamer employed under the provisions of this Agreement. On arriving off Madeira, and, or such other port or ports as aforesaid on the outward or homeward voyage, the Master or Commander of any of the said vessels shall not be bound to call for the purpose of landing or receiving Mails if from fog or stress of weather or inability to obtain pratique the calling of such vessel would delay the due delivery of her Mails at Capetown or in England.

Depositors
of the
Contract
ants.

2. Should it be deemed by her Majesty's Postmaster-General, or the said Postmaster-General or Treasurer of any of their officers or agents requisite for the public service that any particular vessel to be employed under this Agreement should at any time delay her departure from Southampton, or such other port in the United Kingdom as may be mutually agreed upon as hereinbefore provided, or from Table Bay, or any other port from which Mails are to be conveyed under this Agreement, beyond the period appointed for her departure therefrom, Her Majesty's Postmaster-General, or the said Postmaster-General or Treasurer, or any of their officers or agents, shall have power to order such delay for a period not exceeding twenty-four hours, by letter addressed by him, or them, to the Contractors, or their duly appointed Agents, or to the Master of any such

vessel, or the person acting as such, and such letter shall be deemed a sufficient authority for such detention and delay, and should this delay occur at Madeira, or any port at which any of the vessels of the Contractors shall, as herein provided, be appointed by Her Majesty's Postmaster-General, or the said Postmaster-General or Treasurer, to call the time occupied by such delay, or by any delay arising from fog, or stress of weather, hindering the landing or embarkation of the Mails at any port of call or destination, in terms of this Agreement, shall not be reckoned in estimating any period mentioned in the clause next hereinafter contained. Provided always that the existence of such fog, or stress of weather, shall be proved by the Contractors to the reasonable satisfaction of Her Majesty's Postmaster-General, or the said Postmaster-General, or Treasurer.

6. The Contractors shall convey the Mails from Southampton, or such other port in the United Kingdom as may be mutually agreed upon as hereinbefore provided, to Table Bay direct, or calling at the Island of Madeira, and, or such other port or ports as may be mutually agreed upon and from Table Bay direct, or calling at the Island of Madeira, and or such other port or ports as aforesaid to Southampton, or such other port as may be mutually agreed upon as aforesaid in sixteen days twenty hours (16 days 20 hours), and after this Agreement shall have been in force for a period of three years from the date of commencement thereof such period of sixteen days twenty hours shall be reduced to sixteen days fifteen hours (16 days 15 hours), and if the Contractors shall fail to deliver the said mails within such periods of sixteen days twenty hours and sixteen days fifteen hours respectively, or any other period to be at any time fixed for any modified service in pursuance of this Agreement as hereinafter provided then, and in all such cases, and so often as the same shall happen, the Contractors shall forfeit and pay to the said Postmaster-General for the use of the Government of the Colony of the Cape of Good Hope the sum of Two pounds one shilling and eightpence (£2 1s. 8d.) for every hour beyond such periods of sixteen days twenty hours, and sixteen days fifteen hours respectively, up to and including the twelfth hour, and at the rate of Four pounds three shillings and four pence (£4 3s. 4d.) for every hour beyond the twelfth (12th) hour, up to and including the twenty-fourth (24th) hour, and at the rate of Six pounds five shillings (£6 5s.) for every complete hour thereafter. Provided however that the payment of any such sum shall not be enforced against the Contractors if the vessel shall arrive on the Outward or Homeward voyage before the expiration of twelve hours beyond the above mentioned periods of sixteen days and twenty hours, and sixteen days fifteen hours respectively, nor if it be shown by them to the reasonable satisfaction of the said Postmaster-General, or Treasurer, that the delay has arisen without neglect or default of the Contractors, or their servants, from accident to hull, or machinery, or from other causes over which they had not, and could not, have had any control, and provided also that no such payment for any one voyage shall exceed the sum of four hundred and fifty pounds (£450).

7. If at any time or times the said Postmaster-General, or Treasurer, shall desire to alter the particular days, times, or hours of departure from, and arrival at, any of the ports or places to and from which the mails are to be conveyed under this Agreement, the said Postmaster-General, or Treasurer, with the concurrence of the Contractors, shall be at liberty so to do, on giving three calendar months' previous notice, in writing, of such his desire to the Contractors, and if the said Postmaster-General, or Treasurer, shall desire otherwise to modify the services hereby agreed to be performed (as for example to increase or decrease the frequency of the conveyance of mails between any of the ports or places, to or from which such mails are to be conveyed under this Agreement, or to extend the conveyance of such Mails to any other port of places not specified in this Agreement), he shall be at liberty, with the concurrence of the Contractors, so to do on giving reasonable notice to the Contractors, and (save and except as hereinafter provided) on paying to them for such increased or extended services, such further consideration, and, in the event of the services hereby agreed to be performed being reduced on his paying to them such reduced consideration

Length of
voyage.

Agreement may
be modified
with the concur-
rence of
Contractors.

as may be in either of such cases mutually agreed upon between the said Postmaster-General, or Treasurer, and the Contractors, and failing such mutual agreement, as shall be determined by arbitration, in the manner hereinafter provided, and the particular days, times, and hours of departure from, and arrival at, such ports, or places, or other services (if any), which may be appointed by any such modification, or alteration, under this clause, shall, for the time being, be deemed to be the days, times, hours of departure, and arrival of Mails and other services under this Agreement, and shall be observed and kept by the Contractors accordingly. And this Agreement shall be taken and read as if such days, times, hours, and ports, or places, had been inserted herein in lieu of the days, times, hours, ports, and places, which are herein inserted. Provided always that nothing in this clause shall be held to limit the power of the said Postmaster-General, or Treasurer, to require the vessels of the Contractors sailing under this Agreement, to call at the Islands of St. Helena and Ascension as often as may be deemed necessary for the purpose of delivering and receiving mails, as hereinafter provided.

Postmaster-General
to provide
vessel at
appointed time

8. If, subject to the provisions of this Agreement, the Contractors shall at any time fail to provide an efficient vessel at Southampton, or such other port in the United Kingdom as may be mutually agreed upon as herein-before provided for the conveyance of the mails, ready to put to sea on and at the appointed day and hour, then, and so often as the same shall happen, the Contractors shall pay as compensation unto the said Postmaster-General, for the use of the Government of the Colony of the Cape of Good Hope, the sum of one hundred and twenty-five pounds (£125) for the first complete period of twelve (12) hours, and thereafter at the rate of six pounds five shillings (£6 5s.) for every successive hour which shall elapse until such vessel shall actually proceed to sea from the port at which the mails are embarked on her voyage, in performance of this Agreement, or until some other vessel shall be provided by the Contractors for the purpose of forwarding the Mails to their destination to the satisfaction of Her Majesty's Postmaster-General, or the said Postmaster-General, or Treasurer, as the case may be. Provided that the said compensation shall not be deemed to have become payable if, without neglect or default of the Contractors or their servants, the vessel shall be delayed in reaching or leaving the port of departure by reason of accident to hull or machinery, or from fog, stress of weather, or other causes, over which the Contractors shall not have, and could not have had, control, and provided that the Contractors shall not be deemed responsible for, nor liable to pay compensation on account of any delay or detention arising from, or consequent upon, any riot, strike, lock-out, or other labour dispute, which may render it impracticable for them to provide a vessel at any time or place hereinbefore appointed, or for any vessel provided by them in terms of this Agreement to proceed to sea, after the mails are embarked, as hereinbefore provided.

Place of deposit
to be made
in case of
Mail

9. The Contractor shall provide on board each of the vessels to be employed for the time being in the performance of this Agreement, and to the satisfaction of Her Majesty's Postmaster-General, or of the said Postmaster-General, or Treasurer, a separate and convenient place of deposit, with secure lock and key for the ordinary mails thereby conveyed, and the Master, or Commander, of such vessel for the time being, shall, without any charge (other than that herein provided to be paid to the Contractors for the time being) take due care of, and the Contractors shall be responsible to the Government of the Colony of the Cape of Good Hope, but to no other person, for the exercise of due diligence in the receipt, safe custody, and delivery of the Mails, and every such Master or Commander shall make the usual declaration, or declarations, required, or which may be hereafter required by Her Majesty's Postmaster-General, or the said Postmaster-General, or Treasurer, in such and in similar cases, and furnish such journals, returns, and information relating to the Mails, and perform such services as Her Majesty's Postmaster-General, or the said Postmaster-General or Treasurer, or any of their agents, may require, and every such Master, Commander, or officer, duly authorised by him, having the charge of such

Mails, shall himself immediately on the arrival at any of the said ports or places of any such vessel under his command, deliver over the ship's side, or on board such vessels as may be directed by Her Majesty's Postmaster-General, or the said Postmaster-General, or Treasurer, or any of their officers, or agents, all Mails for such port or place, into the hands of the Postmaster, or such other person, at such port or place as Her Majesty's Postmaster-General, or the said Postmaster-General, or Treasurer, shall authorise to receive the same, receiving in like manner all the return or other mails to be forwarded in due course. Provided that at Southampton, or other such port in the United Kingdom as may be mutually agreed upon as herein before provided, the Mails shall be embarked on board the Mail steamer, and be delivered on shore respectively at the expense of the contractors.

Delivery of Mails.

10. Parcels exchanged between the United Kingdom and the Colony of Natal shall be conveyed between Southampton, or such other port in the United Kingdom as may be mutually agreed upon as hereinbefore provided, and Table Bay, and between Table Bay and Southampton, or such other port as aforesaid, by the vessels employed in the performance of this Agreement, or subject to mutual agreement between Her Majesty's Postmaster General and the Contractors, by the vessels employed in the Intermediate Ocean Service of the Contractors, and between Capetown and Durban (Natal), and between Durban (Natal) and Capetown, by such vessel of the Contractors proceeding to those destinations respectively as may afford the most expeditious means of transmission, and for the conveyance of such parcels no payment shall be made to the Contractors beyond the fixed subsidy specified in Clause 27 hereafter.

Exchange of Parcels between United Kingdom and Natal.

11. The Contractors shall not, nor shall any of the Masters or Commanders of any of the vessels employed, or to be employed, under this Agreement, receive or permit to be received on board any of the vessels employed under this Agreement, any letters for conveyance thereby other than those which are required or expressly permitted to be carried under the Agreement, and any such letters as are not required by law to pass through the Post Office. Nor may the Contractors, or any Master or Commander, receive, or permit to be received, on board any of the vessels, for the time being employed in the performance of this Agreement for the conveyance thereby, any Mails on behalf of any other Colony, or any foreign country, without the consent of the said Postmaster-General, and the entire postage of all Mails conveyed by any vessel, shall, in all cases (as between the said Postmaster-General and the Contractors) belong to the said Postmaster-General, and shall be absolutely free from all claims or demands whatever of, or by, the Contractors under, or by virtue of the Agreement, or otherwise. Provided always that nothing in this Agreement shall prevent the calling of the vessels employed in the Intermediate Ocean Service at Lisbon, and the conveyance by such vessels of mails, to and from South and East Africa, and any intermediate ports of call under arrangements between the Contractors and any Government, or Postal Administration.

Contractors not to convey letters other than His Majesty's Mails.

12. The Contractors shall not convey in any of the vessels to be employed under this Agreement any Nitro-Glycerine, or other article which shall have been legally declared specially dangerous.

Contractors not to convey dangerous articles.

13. The Contractors and all Commanding and other officers of the vessels to be employed in the performance of this Agreement, and all agents, seamen, and servants of the Contractors shall at all times punctually attend to the orders and directions of Her Majesty's Postmaster-General, and the said Postmaster-General, or Treasurer, his or their officers or agents as to the mode, time, and place of landing, delivering, and receiving Mails.

Orders of Postmaster-General to be obeyed by Contractors.

14. The contractors shall also at any time, on being required by the said Postmaster-General so to do, at their own cost, provide on each of the vessels to be employed under this Agreement, accommodation for sorting and making up Mails, and the services of the crew of every such vessel shall, when required, be given from time to time in the conveyance of the Mails between the Mail room and the room for the time being set apart as a sorting room, and the Contractors shall convey, free of charge, to the Colonial

Contractors to convey Post Office letters when required.

Government, an Officer of the Post Office, to be employed in sorting the mails whenever it shall at any time be required by the said Postmaster-General, so to do, and such officer shall be victualled, and otherwise treated as a chief cabin passenger.

*free passage
passengers*

15. The Contractors when and so often as they or the Masters of the vessels are required, in writing, so to do, by Her Majesty's Postmaster-General, or the said Postmaster-General or Treasurer, or by any Officers or Agents acting under their authority (such writing to specify the rank or description of the person or persons to be conveyed, and the accommodation to be provided for him or them) shall receive, provide for, victual, and convey to, from, and between, any of the ports or places, to, from, and between which any of the vessels are to proceed in the performance of this Agreement (in addition to any Officers of the Post Office employed in connection with the Mails, conveyed under this Agreement).

- (a) Any number of Naval, Military, or Civil Officers in the service of Her Majesty, not exceeding eight in any one ship, with or without their wives and children, as chief cabin or first class saloon passengers (together with their servants, male and female, who are to have the same accommodation as that provided for servants of other passengers, or of Officers of the Contractors.)
- (b) Any number of non-commissioned and warrant Officers, not exceeding four in any one ship, with or without their wives and children, as fore cabin, or second class passengers, and
- (c) Any number of seamen, marines, soldiers, or artificers in Her Majesty's Service, not exceeding ten in any one ship, with or without their wives and children, as third class passengers, to be always provided with effectual protection from rain, sun, and bad weather, and not exposed on deck without such effectual protection, and to have hammocks or bunks (subject to the approval of the Admiralty) placed between decks.

*Accommoda-
ting, victualling,
etc.*

16. (1) The passengers who shall be conveyed in pursuance of the last preceding condition (who are hereinafter designated "Government passengers"), with their families, shall be treated in no respect whether as regards food, cabin, or other accommodation, or aught else in a way inferior to that in which ordinary passengers of the same class are treated, or to that required by the regulations of Her Majesty's Transport Service. The messing of the second class, and the victualling of the third class Naval adult passengers, shall include in each day one half gill of spirits.

(2) The several classes of Government passengers shall mess in separate places, and medical attendance, medicine, medical comforts, mess utensils, and fittings, cooking utensils, articles for table use, and mess places, fuel, lights, requisite articles of bedding, and other necessaries, shall be provided for them in like manner as for ordinary passengers of the like class respectively.

Passage money.

17. The passage money for Government passengers, and their families and servants respectively, unless otherwise agreed between the Admiralty and the Contractors, shall be the same as that charged by the Contractors for ordinary passengers of the same class, and shall include all the particulars mentioned in the last preceding condition, and if, and whenever any alteration of rates for ordinary passengers shall be made by the Contractors, the Admiralty shall be immediately apprised of such alterations.

Return.

18. Returns of the embarkation and disembarkation of all Government passengers conveyed on the requisition of Her Majesty's Postmaster-General, shall be furnished to the Director of Transport immediately after the departure and arrival of each vessel.

*Payment of
passage, how to
be obtained.*

19. Payments for passage money for Government passengers conveyed on the requisition of Her Majesty's Postmaster-General, shall be applied for by invoices according to a form to be obtained from the Office

of the Director of Transport, and shall be made only upon such applications, and upon the production of the orders for the passage money, together with a certificate under the hand of the Commanding Officer, specifying the number of third class passengers (men, women, and children) conveyed, with the ages and sexes of the latter, and stating the periods during which they have been respectively regularly supplied with provisions while on board, and also a certificate under the hand of each first and second class passenger of his or her having been landed at the place of destination, and of his or her having been properly accommodated and messed during the voyage, and specifying the dates from and to which they were messed, computed from the first to the last dinner meal.

20. The Contractors shall convey for every Government passenger ^{Baggage.} free of charge the quantity of baggage (whether such quantity be estimated or ascertained by bulk or weight) to which he is entitled under the Government Regulations for the time being in force, and freight shall be payable for any extra baggage of a Government passenger after the same rate as the freight payable according to the regulations of the Contractors for the time being, for extra baggage of any ordinary passenger of the same class, but the same must be paid by the passengers themselves.

21. The passage money for the wives, families, and servants of Commissioned and Civil Officers, when not ordered to be conveyed at the public expense, shall be paid to the Contractors by the Officers themselves.

Passage money when conveyance not at Government expense.

22. In all cases where an Officer of the Naval, Military, or Civil Service of Her Majesty, who may not be entitled to a passage at the public expense, shall require a passage on board any of the vessels, the Contractors shall be bound to provide when they have room in such vessels, a passage for such Officer, in preference to any non-official passenger not already booked, and shall charge no higher rate for such passage than is chargeable for an ordinary passenger.

Preference of official passengers.

23. (1) The Contractors shall receive on board each of the vessels, ^{Government packages.} and shall convey on behalf of the Admiralty,

- (a) Any small packages which may be ordered for conveyance, and also
- (b) (On receiving from the British Naval Officer in command of any Naval Station two days' previous notice), any Naval or other Stores not exceeding at any one time in any one vessel ten tons' weight, or fifteen tons of forty cubic feet each in measurement.

(2) The Contractors shall convey and deliver such small packages and stores at the lowest rates of freight charged by the Contractors for private goods of a similar character or description, and shall give immediate notice to the Admiralty of any alteration of such rates of freight, and shall in all cases be responsible for the custody and safe and speedy delivery of such packages and stores.

24. The Government of the Colony of the Cape of Good Hope ^{Emigrants.} undertake to give to the Contractors all the emigrants they may have for conveyance from the United Kingdom to the Cape Colony, or from the Cape Colony to the United Kingdom, and the Contractors bind themselves to receive on board their vessels, and carry all such emigrants, and to charge for the same 20 per cent, less the ordinary rates chargeable by the Contractors' mail or extra steamers to third class, or steerage passengers travelling by such mail or extra steamers which may convey such emigrants, and such conveyance shall be subject to such other conditions as may be mutually agreed upon between the said Government and the Contractors.

25. All and every the sums of money hereby stipulated to be paid ^{Penalties, how to be recovered.} by the Contractors unto the said Postmaster-General for the use of the Government of the Colony of the Cape of Good Hope, shall be considered as liquidated or ascertained damages, and the said Government shall not be required to prove the amount of any damage or loss, or whether any damage or loss has or has not been in fact sustained, and all sums payable as damages may be retained by the said Postmaster-General out of any moneys payable,

or which may thereafter become payable to the Contractors, or the payment thereof may be enforced as a debt due to the said Postmaster-General, or to the Government of the Colony of the Cape of Good Hope, with full costs of suit at the discretion of the said Postmaster-General. Provided, however, that the payment by the Contractors of any sums of money (by way of damages or compensation) shall not in any manner prejudice the right of the said Postmaster-General to treat the failure (if any) on the part of the Contractors, to provide proper vessels, or to perform all and every of the stipulations herein contained as a breach, or breaches of this Agreement.

Term of
Contract

26. This Agreement shall commence on the 1st day of October, 1900, and shall continue in force for ten years, that is to say, until the 30th day of September, 1910, inclusive, and then determine if the said Postmaster-General, or Treasurer, shall, by writing under his hand or under the hand of the Secretary for the time being of the Post Office of the Colony of the Cape of Good Hope have given to the Contractors at their Offices in London, or the Contractors shall have given to the said Postmaster-General, or Treasurer, in Capetown twelve (12) calendar months' previous notice in writing that this Agreement shall so determine, but if neither the said Postmaster-General or Treasurer, nor the Contractors, shall have given such notice, this Agreement shall continue in force after the said term of ten years (10 years) until the expiration of twelve (12) calendar months notice in writing to be given as aforesaid at any period of the year, and either previously or subsequently to the said 30th day of September, 1910 by the said Postmaster-General or Treasurer, or the Contractors, to the other of them.

Subsidy

27. And in consideration of the due and faithful performance by the Contractors of all the services hereby agreed to be by them performed there shall be paid to the Contractors in cash in equal proportions to the Union Steamship Company, Limited, and to the Castle Mail Packets Company, Limited, so long as they shall perform the whole of the said services in the like manner, and with such vessels as herein respectively provided (in addition to any other sum or sums that may be payable to them under the provisions of this Agreement), an annual subsidy of one hundred and thirty-five thousand pounds (£135,000) in quarterly payments, in full satisfaction of all charges in respect of the conveyance of all mails between the United Kingdom and Table Bay, and *vice versa*, and between any of the ports or places at which the vessels of the Contractors may be required to call for the purpose of receiving or delivering mails between the United Kingdom and Table Bay, and in the case of Natal, Parcel Mails between the United Kingdom and Durban Natal, and *vice versa*, each payable in London in sterling money.

Conveyance of
gold prohibited.

28. The enclosure of raw gold in any mail to be conveyed under this Agreement is prohibited, and the Government of the Colony of the Cape of Good Hope shall intimate to the Government of the United Kingdom and to the Governments of the South African Colonies and States respectively that the transmission of such gold in any form in any mail to be conveyed under the terms of this Agreement is prohibited in order that due notice of such prohibition may be printed and advertised by the Post Offices of the countries concerned.

St. Helena and
Ascension.

29. Subject to such arrangements as may be mutually agreed upon between Her Majesty's Postmaster-General and the Contractors, the Mails to and from the Islands of St. Helena and Ascension shall be conveyed by the steamers employed in the Intermediate Ocean Service of the Contractors. In the event, however, of the Intermediate Ocean Steamers of the Contractors ceasing to run at regular intervals, or should no such Steamer be appointed to sail on or about the regular dates fixed from time to time for the despatch of Mails from the Port in the United Kingdom where such Mails are embarked for the Island of St. Helena, or from Table Bay for the Islands of St. Helena and Ascension, then and in any such case the Contractors shall at the request of the said Postmaster-General or the Treasurer cause the Commander of any vessel employed under this Agreement to call at the Island of St. Helena for the purpose of delivering or receiving Mails on either the Outward or Homeward Voyage, and at the Island of Ascension

on the Homeward Voyage, and in the event of the number of calls at St. Helena on the Outward Voyage, or at St. Helena and Ascension on the Homeward Voyage exceeding one in every four weeks in any one year, then there shall be paid to the Contractors in addition to the said subsidy the sum of one hundred and fifty pounds (£150) sterling for each such additional call at St. Helena and Ascension, or at St. Helena only, and in every case in which any vessel of the Contractors to be employed under this Agreement shall be required by the said Postmaster General or the Treasurer to call at the Island of St. Helena on the Outward Voyage, or at the Islands of St. Helena and Ascension on the Homeward Voyage, the period for the Voyage shall be extended eighteen (18) hours, and in every case in which any vessel of the Contractors employed under this Agreement shall be required to call at the Island of St. Helena only on the Homeward Voyage, the period for the voyage during which any such call may have been made shall be extended twelve (12) hours, and the compensation for delay hereinbefore specified shall not be enforced against the Contractors until after the expiration of the aforesaid periods of eighteen (18) hours and twelve (12) hours respectively beyond the time appointed for the conveyance of the Mails between Southampton and Table Bay, and between Table Bay and Southampton respectively, as hereinbefore provided, and after allowing for such extensions respectively Clause 6 shall apply as though the voyage had been one between Southampton and Table Bay, or *vice versa*, as described in the said Clause.

30. No Parcel to be conveyed in any Mail to be despatched by any vessel of the Contractors sailing under the terms of this Agreement shall exceed £50 in value, nor shall Specie, Bullion, Gold-dust, Nuggets, or raw and unmanufactured Ostrich Feathers under any circumstances be enclosed in any Parcel so conveyed, and the Government of the Colony of the Cape of Good Hope shall give due intimation of such limitations to the Government of the United Kingdom, and to the Governments of the South African Colonies and States, St. Helena and Ascension respectively, in order that notice of such limitations may be printed and advertised by the Post Offices of the countries concerned.

Parcel Mails
restrictions.

31. The time of sailing of any vessel under this Agreement shall count from the moment at which the pilot shall leave such vessel, or she shall take her final departure from Southampton, or such other port in the United Kingdom as may be mutually agreed upon as hereinbefore provided, or Table Bay respectively, and the time of arrival of any vessel in Southampton or such other port as aforesaid shall be taken to be the moment at which such vessel shall come to her anchorage or moorings, or shall have arrived and stopped her engines in a position ready to deliver her Mails, or in Table Bay, when she shall have arrived abreast of the point of the breakwater, and it shall be obligatory on the part of the Master or Commander of every vessel to enter her said time of departure and arrival as aforesaid in the Official Log Book, Greenwich meantime being observed in all cases.

Computation of
time of
departure and
arrival of
vessels.

32. Save as hereafter provided, the Contractors shall not assign, underlet, or dispose of this Agreement, or their interest therein or in any part thereof, neither shall the Union Steamship Company, Limited, or the Castle Mail Packets Company, Limited, assign to the other Company the Assignor's share of the benefits of this Agreement without the previous consent of the said Postmaster-General or Treasurer, signified in writing under his hand, or under the hand of the Secretary for the time being of the Post Office of the Colony of the Cape of Good Hope. Provided always that the said two Companies, without such consent as aforesaid, may make such arrangements *inter se* and enter into such mutual agreements, and make such transfers from one to the other of them of their respective share and interest in the Contract herein contained, and of the business and property of each Company, either the one to the other, or of both Companies to another Company for the purposes of union of interests as shall not affect the liability or any of the liabilities of either or both the said Companies as Contractors under the provisions herein contained to perform the works and render the services hereby contracted for. Upon any Assignment being made in pursuance hereof the word "Contractors," as used throughout these presents shall be deemed to include the permitted assigns of the Assignors. In case of the Contractors or either of the said Companies assigning or pur-

Agreement not
to be assigned.
Power of
each
Company to
determine it in
case of habitual
breach by
Contractors
without
previous notice.

porting to assign, underlet, or dispose of this Agreement or their interest therein or in any part thereof otherwise than as herein provided, or if the Contractors shall become unable to perform their part of this Agreement, or if their property (save only as in the next succeeding Clause is mentioned), and the benefit of either Company's share of the benefit of this Agreement shall by operation of Law, or in any other manner than is hereinbefore authorised devolve upon any other Company or person whomsoever then and in any of such cases or in the case of any great or habitual breach of this Agreement or any covenant matter or thing herein contained on the part of the Contractors their Officers, Agents, or Servants, and whether there be or be not any damages, compensation, or other sum of money payable by the Contractors upon the happening of such event, or for any such breach it shall be lawful for the said Postmaster-General or Treasurer if he shall think fit, and notwithstanding there may or may not have been any former breach of this Agreement by writing under his hand or under the hand of the Secretary for the time being of the Post Office of the Colony of the Cape of Good Hope to determine this Agreement without any previous notice to the Contractors or their Agents. And the Contractors shall not be entitled to any compensation in respect of such determination.

Performance of services under agreement should the Admiralty, in cases of emergency, require vessels employed in Mail Service.

33. Should the Lords Commissioners of the Admiralty of the United Kingdom for the time being at any time during the continuance of this Agreement in case of great public emergency acquire any of the vessels from time to time employed in the performance of this Agreement, the services hereby agreed to be performed shall be performed by other vessels of the Contractors of a similar description to the vessel or vessels so acquired if the Contractors can in due and proper time furnish them (such other vessels as to construction, machinery, equipment, officers, and crew to be efficient in all respects for the purposes of this Agreement), but in case the Contractors shall be unable to furnish such other vessels it shall be lawful for them to determine this Agreement from the date of such acquisition, and in the event of the Contractors being allowed by the said Postmaster-General to continue to perform only a portion of the said services there shall be paid to them such sum of money as shall be agreed upon by the said Postmaster-General or Treasurer, and the Contractors, and in case of their differing as to the amount such difference shall be settled by arbitration as herein-after provided.

If when agreement is determined any vessel shall have started with mails the voyage to be continued as if agreement had remained in force.

34. If on the determination of this Agreement any vessel or vessels shall have started or shall start with the Mails in conformity with this Agreement, the voyage, or voyages, of such vessel or vessels shall be continued and performed, and the Mails be delivered and received during the same as if this Agreement had remained in force with regard to any such vessels and services, and with respect to any such vessels and services as last aforesaid this Agreement shall be considered as having terminated when such vessels shall have reached their port or place of destination, and such services been performed.

As to service of notices.

35. (1) During the continuance of and for all the purposes of this Agreement, the vessels and every vessel of the Union Steamship Company, Limited, and of the Castle Mail Packets Company, Limited respectively, for the time being employed in the performance of this Agreement shall be deemed to be the vessels or vessel of the Contractors, and all Masters, Officers, and other Agents of either of the said Companies for the time being in charge or management, or associated with the charge or management of any such vessel shall be deemed to be Officers Servants and Agents of the Contractors, and all notices, directions, and other communications made by or on behalf of the Government of the Colony of the Cape of Good Hope to any such Officer, Servant, or Agent, shall be as effectual and shall bind the Contractors to the same extent as if the person to whom it was given was in fact the Officer, Servant, or Agent of the Contractors, and all notices or directions which Her Majesty's Postmaster-General or the said Postmaster-General or Treasurer, or any of their Officers or Agents are hereby authorised to give to the Contractors, their Officers, Servants, or Agents (other than any notice of the termination of this Agreement), may at the option of the person or persons au-

thorised to give the same be either delivered to the Master of any vessel or other Officer or Agent in charge or management, or associated with the charge or management of any vessel employed in the performance of this Agreement, or such notice may be left for the Contractors at the Registered Office or place of business in London, or at the Agency at the Cape of Good Hope of either of the said Companies, or at their or either of their last known place or places of business as aforesaid, and any notice, direction, or communication so given or left shall be binding on the Contractors. Provided always that any notice of determination of this Agreement shall be served on the Contractors by leaving the same at the Registered Offices in London of either of the said Companies, or by sending the same by registered post, addressed to either of the said Companies at its Registered Office, and any service so effected shall be deemed to be good service on the Contractors.

(2) The said Companies respectively shall be jointly and severally bound to fulfil and perform and shall be jointly and severally liable to the Government of the Colony of the Cape of Good Hope for the non-fulfilment and non-performance of all and every the services, obligations, covenants, and agreements undertaken made and entered into on the part of the Contractors under and by virtue of these presents, and such joint and several liability of the said Companies shall not be in any way affected or prejudiced by reason or on account of any act, deed, or omission of either Company, or of any arrangements made by them with each other, nor by the knowledge of or acquiescence (tacit or otherwise) of the said Government in any such act, deed, omission, or arrangements, nor otherwise whatsoever.

36. (1) For the purpose of any payment of any kind whatever (other than in respect of the subsidy mentioned in Clause 27) to be made by or from the Government of the Colony of the Cape of Good Hope to the Contractors under this Agreement, the following provisions shall have effect:—

(a) All accounts rendered by or for the said Government to the Contractors, and adjusted and agreed by and between any duly appointed Official of the said Government on the one hand, and of either the Union Steamship Company, Limited, or the Castle Mail Packets Company, Limited, on the other hand, authorised explicitly or implicitly to deal with and adjust accounts, shall be binding upon both the said Government and the Contractors, but any error discovered therein within three calendar months after such adjustment may be rectified in any subsequent Account.

(b) So far as may be practicable, the said Government will (but shall not be obliged to) render or cause to be rendered such accounts where they relate to payments to be made to the Contractors for services actually performed under this Agreement by either of the said Companies to the proper Official of the Company performing those services, and will adjust the same with him, and pay the amount due upon any Account so rendered and adjusted to the same Company.

(c) The receipt of either of the said Companies for any moneys paid to the Company giving such receipt shall be a good discharge to the said Government for the amount mentioned therein and payable under this Agreement to the Contractors whether or not rightly paid to the Company receiving the same.

(2) Notwithstanding anything in these presents contained it is hereby expressly declared and agreed by the Contractors that any money paid by the said Government to either Company as aforesaid, or properly retained or deducted by the said Government from sums in their hands payable (or which but for such right of retainer or deduction would be payable) to the Contractors, shall not give rise to any claim or demand whatsoever on the part of either Company separately, as against the said Government in respect of any such moneys which shall in all cases be deemed to have been paid to or retained, or deducted as against the Contractors, and not as against either Company, the intention being that neither Company, as against the said Government, shall have any separate rights or claims in respect of any payment matter.

Companies
jointly and
severally liable

Adjustment of
accounts

or bring down in pursuance of or arising out of this Agreement, but that all questions at Account shall be dealt with between the said Companies, *inter se*, in case of any dispute or difference thereon arising between them.

Matters to be referred to arbitration.

37. That at any time during the continuance of this Agreement or after the determination thereof any dispute shall arise between the said Postmaster-General or Treasurer and the Contractors concerning any breach or alleged breach of this Agreement or the sufficiency of any breach on the part of the Contractors to justify the said Postmaster-General or Treasurer or other person authorised in that behalf in putting an end to the same or concerning the amount of consideration to be paid to or allowed to the Contractors (as the case may be) for such altered services as hereinbefore in that behalf mentioned, or concerning any of the Agreements, matters or things herein contained or in anywise relating thereto, and notwithstanding the power herein contained to determine this Agreement and any execution or attempted execution of such power, such dispute shall be referred to two Arbitrators in London, one to be chosen from time to time by the said Postmaster-General or Treasurer and the other by the Contractors, and if such Arbitrators shall at any time or times not agree in the matter in question referred to them, then such matter shall be referred by them to an Umpire to be chosen in London by such Arbitrators before they proceed with the reference to them, and the joint and concurrent award of the said Arbitrators or the separate award of the said Umpire when the said Arbitrators cannot agree shall be binding and conclusive upon both parties.

38. Nothing in this Agreement contained shall be so construed as to prejudice the right of the Government of the Colony of the Cape of Good Hope to claim damages in respect of the breach of any of the covenants or conditions to be observed or performed by the Contractors whether a specific rate of compensation be or not be specially provided by any of the clauses of this Agreement in respect of such breach. Any such claim for damages to be submitted to arbitration in pursuance of the preceding section.

Agent-General not personally liable.

39. The Agent-General shall not in anywise be personally liable for any matters arising out of this Agreement.

40. This Agreement shall be submitted to the Parliament of the Colony of the Cape of Good Hope for ratification, and as from and after the date of such ratification it shall become and be definitive and binding upon the respective parties thereto for all the purposes and during the whole period hereinbefore mentioned, and between the date of this Agreement and the date of such ratification or of the said Parliament declining to ratify this Agreement it shall be binding upon the respective parties to the extent that neither shall be able to withdraw therefrom or to determine or cancel it.

IN WITNESS whereof the said parties to these presents have hereunto set their hand and seals.

In the presence of

SPENCER TOWN,

Secretary:

T. SLINGBY NIGHTINGALE,

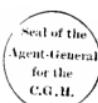
Chief Clerk:

Cape of Good Hope Agency

112, Victoria Street,

Westminster.

D. TENNANT, Agent General for the Cape of Good Hope.



The Common Seal of the Union Steamship Company, Limited was hereunto affixed in the presence of

FRANCIS EVANS,
Director,
E. A. HART,
Secretary.



The Common Seal of the Castle Mail Packets Company, Limited was hereunto affixed in the presence of

JOHN NAPIER,
Member of Council,
DONALD CURRIE & Co.,
Managers.



III.

SUMMARY OF A LETTER FROM THE BRITISH IRON TRADE
ASSOCIATION TO THE BOARD OF TRADE, DATED 8th
APRIL, 1899.

Association desire to call attention to the detriment caused to British Trade by the lower rates of freight charged by British Shipping Companies from Continental than from British ports.

The Association consider that the matter has of late assumed such serious proportions that it might be desirable to appoint a Royal Commission or a Select Committee to enquire into the whole subject, and ask the President of the Board of Trade to receive a deputation for the purpose of submitting their views on the question.

M. Department, in a Minute dated 17th April, state that the only information available in this connection is taken from Colonial Blue Book (No. 2294 of 1898).

On the 14th April, 1899, the South African Mercantile Association wrote to the Board of Trade in support of the request of the British Iron Trade Association, reported above.

IV.

SUMMARY OF A LETTER FROM SIR DONALD CURRIE, OF
CASTLE MAIL PACKETS COMPANY, TO BOARD OF
TRADE, DATED 28th APRIL, 1899.

Sir Donald Currie encloses copy of a Report of the Second Annual Meeting of the South African Mercantile Association, held at Winchester House on 25th April (extracted from the Shipping Gazette and Lloyd's List of 26th April, 1899), and asking for opportunity of submitting views and statements of those connected with the South African Shipping, before the President arrives at a decision on the Resolution of the South African Mercantile Association with regard to Deputation on Shipping Rings and British Trade. Sir D. Currie says :—

“The efforts of the South African Mercantile Association, directed against the rebate system or a so-called “Shipping Ring” in the South African Trade have utterly failed to secure the support of the principal merchants engaged in the Cape trade, or the support of the Cape Government or of the Cape Opposition in the late meeting of the Cape Parliament. . . . I shall, with others, be quite prepared to demonstrate to you the worthlessness of the statements put forward by the parties interested in the proposed agitation. The Parliament at Capetown refused absolutely to include in the proposed tenders for the Cape Mail Service any conditions whatever in regard to freight or passage money, as suggested by Chambers of Commerce and by Mr. H. H. Clarke, for the South African Mercantile Association, in an agitation stimulated throughout the Cape Colony.”

MEMORIAL OF THE ASSOCIATION OF CHAMBERS OF COMMERCE OF THE UNITED KINGDOM, OF WHICH THE FOLLOWING CHAMBERS OF COMMERCE ARE MEMBERS.

To the Rt. Hon. C. T. Ritchie, M.P., President of the Board of Trade.

Aberdeen	Fowey	Newry
Anglo-Belgian	Gloucester	North Shields
Barnsley	Goole	North Staffs
Barrow-in-Furness	Groenock	Norwich
Barley	Halifax	Nottingham
Belfast	Hartlepool	Oldham
Birmingham	Heckmondwike	Ossett
Birstal	High Wycombe	Paris (British Chamber)
Blackburn	Huddersfield	Penzance
Bolton	Hull	Plymouth
Bradford	Ipswich	Portsmouth
Bristol	Italian Chamber (London)	Rochdale
Bury	Jersey	Salt
Cardiff	Keighley	Sheffield
Chesterfield	Kendal	Southampton
Cleckheaton	Kiddminster	South of Scotland
Cork	Lancaster	Southport
Coventry	Leeds	Stroud
Croydon	Leicester	Swansea
Dartmouth	Leith	Sunderland
Derby	Limerick	Tunbridge Wells
Dewsbury	Lincoln	Wakefield
Dover	Llanelli	Walsall
Dublin	London	Warrington
Dundee	Londonderry	West Ham
Dundalk	Luton	Wigan
Dudley	Macclesfield	Wolverhampton
Edinburgh	Manchester	Worcester
Exeter	Newcastle-on-Tyne	Yeadon
Falmouth	Newport	York

SHOWETH :

That at the recent Annual Meeting of this Association the following resolution was carried by a large majority :—

"That the maintenance of Shipping Rings by the action of which goods are charged higher freights from British than from Foreign Ports is most injurious to our trade, and that the Government be urged to discontinue the payment of any Subsidies to Shipping Lines which give preferential rates to goods from Foreign Ports."

It is affirmed that in the case of some of our leading Foreign and Colonial Markets certain steamship companies doing the carrying trade are in a league or compact together to keep up the rates from British ports, by a system of returning a certain proportion of the freight on condition that, during a previous stated time, which varies from six to fifteen months, the shipper has sent no goods by any competing line prohibited by the Associated Companies, thus effectually preventing any possibility of competition, as the whole of the rebate accumulating during the current period would be sacrificed by any shipper who took advantage of such competing line.

The excessive rates which the Shipping Companies are able to demand in consequence of the above action would in any case have a tendency to check the development of our Foreign and Colonial Trade by forcing up the prices at which the goods would need to be sold; but the whole question assumes a vastly more serious aspect from the fact that the Shipping Companies which are in league in this country to keep up the rates carry cargo from Foreign Ports and to our Foreign and Colonial Markets at rates much less than those they charge from this country, whereby great encouragement is given to our Foreign Competitors in trade. Much of the carrying from

Foreign Ports in British steamships has been admittedly done at a considerable loss, and it is obvious that the profits made in carrying from English Ports are used, in part, to pay for the losses in giving to our foreign competitors advantageous terms. As examples of the unfair position in which English manufacturers are placed by the Shipping Rings, compared with their foreign competitors, the following instances are given:—

British Steamship Lines charge in London freight at 40/- per ton to Sydney, and are at the same time carrying the same class of goods by steamer from New York to Sydney at 15/- per ton.

British Steamship Lines are carrying goods from Liverpool to Java at 30/- per ton, and are also carrying goods from Amsterdam to Java, transhipping at Liverpool into their own steamers at a through rate of 20/- per ton.

British steamers are also carrying goods from New York to New Zealand at 15/- per ton, and the same line of steamers charge for the same class of goods from London to New Zealand 32/-.

British Steamship Lines also charge on cotton goods from the United States to Shanghai via Liverpool a rate of 26/-, but from Liverpool direct to Shanghai by the same line the rate is 47/-.

MANY further instances such as these might be quoted.

UNTIL the British manufacturers were unfairly handicapped in the manner above complained of, no bar or hoop iron from America found its way into New Zealand, but since then a large proportion of this trade is done from America.

The effect of the unfair and unpatriotic action of the British Shipping Companies may be seen by reference to the Board of Trade Returns, which show, not only a marked numerical falling off in the returns of British and Irish produce and manufactures compared with the corresponding returns of foreign competing countries, but a very considerable falling off indeed compared with the increase of our population.

It is not suggested that there is anything illegal in the action which the Steamship Companies have taken, nor is it at present proposed that the evil shall be dealt with by legislation, but it is most strongly urged that no Shipping Company which acts in the manner complained of is entitled to receive Government subsidy if it be possible to make other arrangements for the services which the Government require.

Given under the Common Seal of this Association, the 17th day of May, 1899.

(Signed) H. STAFFORD NORTHCOTE, President.

„ EWAN W. FITHIAN, Secretary.

1, Great College Street,
Westminster, S.W.

REPORT

of the Deputation of the British Iron Trade Association and Others which waited on the President of the Board of Trade, on the Subject of Freight Rates, etc.,

8th July, 1899.

The deputation, which was introduced by Sir John Jenkins, M.P., included representatives of the Manchester, Oldham, Leeds, Durham, Liverpool, Blackburn, Birmingham, Wolverhampton and Middlesbrough Chambers of Commerce, the North of England and Midland Iron Manufacturers' Association, the British Mercantile League, the Cleveland Ironmasters' Association, the Amalgamated Society of Engineers, the Durham Miners' Association (the two largest trade unions in the country), the North of England Amalgamated Ironworkers, the National Blast Furnace Men, the Derbyshire Miners, and the Cement Trade. Among the members of Parliament present were Sir A. Bickman, Mr. F. Parkes, Mr. Helder, Mr. Heath, Mr. Colville, Mr. C. E. Shaw, Mr. Newdigate, Mr. Acroft, Mr. J. Wilson (Durham) and Mr. Cawley.

Sir JOHN JENKINS said the first complaint of the members of the British iron trade was that by means of combinations of shippers usually described as rings, a virtual monopoly was established of certain trade routes, and the usual advantages of competition were lost to our manufacturers: and the second, that for this reason and for others the Continental shippers had a lower range of freights than shippers from the ports of the United Kingdom. They wished it to be clearly understood that they had no objection to shipping firms and companies making arrangements among and between themselves to do the best they could to further their own commercial interests in competition with new-comers, with Continental rivals, or otherwise, so long as this was done without injury, and special hardships to other interests.

The main object of the deputation was to get the Government to realize that serious harm was being done to the trade of the Empire by the system of shipping rings, and differential freights, and to ask that an inquiry by Royal Commission or Select Committee should be made into the whole affair. The iron and steel trades and other great industries had largely lost their Indian, South African, and Australian markets to Germany and Belgium, because of these shipping rings and their policy, which benefitted the foreign manufacturer and merchant at the expense of their British rivals. There was one partial remedy which the Government could apply—namely, that in all future contracts for carrying the mails a clause should be inserted providing that the subsidized company should under no circumstances carry foreign goods from Continental ports at lower rates than it carried British goods from British ports. If the Government accepted their proposal for an enquiry they could supply a mass of evidence which would justify them in applying to the Government for assistance.

Sir ALFRED HICKMAN said that practically there was open competition at all foreign ports and an absolutely close ring at all English ports, the consequence being that the English rates were much higher than the foreign rates. This was carried to such an extent that the cheapest and best way to ship goods from Liverpool to Java, for instance, was to send them first to Amsterdam, and then from Amsterdam to Java—and all this work was done by British shipping. Frequently British shipowners had started quoting fair rates corresponding with the foreign rates, but in every case the shipping ring "nursed" them, as omnibusses are nursed in London, and either drove them out of the trade or into the ring. The low rates were given by means of rebates which were held over for long periods, and if any shipper went to an outside shipowner, he forfeited his accumulated rebates, amounting, perhaps, to thousand of pounds.

Mr. RITCHIE: What is there to enquire into? These statements have all been published in pamphlet form. What can a committee do?

Sir ALFRED HICKMAN: The only thing a committee can do is to devise some remedy. I cannot suggest any relief which you can give us, beyond that suggested by Sir John Jenkins, namely, a stringent clause in all cases where there are mail subsidies.

Mr. RITCHIE: There is the general grievance, but in the particular grievance of the South African Ring, the mail subsidy is not a British subsidy; it is a subsidy granted by the South African Government. The grievance is combination, but combination is not illegal. Is the remedy to say there is to be no combination, not only in the shipping trade, but in all other trades? You know that is not possible.

Sir ALFRED HICKMAN: Clearly impossible. But the grievance is by no means confined to South Africa. There is no foreign port to which we ship goods on the same terms as foreigners shipping to the same place.

Mr. RITCHIE: We are on the horns of this dilemma—we have to say to a Company which is not earning a very high dividend, "You will either have to reduce your freight charges from Great Britain to those you are willing to take from Antwerp, say, or you will have to raise the freights from Antwerp." The result might be disastrous to the Company, because the Continental goods would not then go in British boats, but would go in foreign boats.

Sir ALFRED HICKMAN: That does not in the least follow. Abroad it is the British shipowner who cuts the rates; it is only here that he combines to keep them up. It seems to be a suicidal thing in the end, even for the shipowners, because if they destroy the trade of this country they must suffer. We maintain an enormous Navy, largely for the protection of shipowners' property, and we are entitled in return to reasonable treatment.

Mr. RITCHIE: It is quite open to us at the Board of Trade to inquire into this matter.

Sir JOHN JENKINS: That would satisfy us.

Sir ALFRED HICKMAN: I almost think we should prefer that course.

Mr. RITCHIE: I will consider that.

Sir BENJAMIN HINGLEY said that the British manufacturers were sometimes twitted with being undersold by the foreigner; but if German and Belgian iron was shipped to our Colonies at 10s. per ton less than British iron, then the British manufacturer and the British working man must suffer. His own firm had been charged with excessive rates; he acknowledged they had a drawback, but that drawback was dependent on their good behaviour.

Mr. RITCHIE: I had no idea the British Merchant was so powerless. (Laughter.)

Mr. E. PARKES, as representing the Birmingham Chamber of Commerce, supported the deputation. The Government insisted that a fair wages clause would be inserted in any contract which they made with individuals in this country, and it was only right that in their contract with shipping firms they should insist on the same principle being carried out.

Mr. BARCLAY, President of the Manchester Chamber of Commerce, said the question had been frequently considered by his Chamber in connection with textile trades, and they were very deeply impressed with the great danger there was to British Commerce from the working of these rings. Such rings bound shippers to support the Conference rates, and outside English lines were prevented from going into competition with the companies in the Ring. The Chamber fully realised the difficulty of dealing with the question, and heartily joined in the request for inquiry. With regard to the textiles, they would be quite content if they had equality of rates with the foreigner.

Mr. H. H. CLARKE, of the British Mercantile League, said that all they asked was that British shipowners outside the Conferences or Rings should have fair play. If they were left quite free they would be able to secure for British Merchants as low rates as the foreigners were now getting the benefit of.

Mr. SELICKS, of the Amalgamated Society of Engineers, said that if a combination, whether it was a combination of capitalists or a combination of working men, was opposed to the general interests of the community, it was wrong. On behalf of the workmen, whose interest was that our trade should be allowed to expand to its utmost limit, he supported the previous speakers.

Mr. RITCHIE, in reply, said that he recognised the enormous importance of the subject and the vast interests represented by the deputation. The matter was one of very great difficulty. Everyone must sympathise with those traders who were put at a disadvantage as compared with their foreign rivals, because of the greater facilities given, and especially those given by British Shipowners. The Government would do all it could to find and apply a remedy, but there were enormous difficulties in applying a remedy to this particular case. The question was really one of combination. Combination was not illegal, and was resorted to indeed by almost every trade in the country, and by the working classes. Everybody who combined would be prepared to demonstrate that their particular combination was in the public interest, and that every other combination was against it. So that if they entered upon that arena they would be met with very grave and serious difficulties. He did not think it possible for the Government of this country to take steps against legitimate combinations. It was not for the Government to judge whether those combinations were more or less in the public interest; and combinations, so long as they did not contravene the law, were not matters with which any Government could properly deal. The real way of meeting one combination was by another combination. There were, no doubt, difficulties in the way of shippers meeting the combination of which they complained. It was a very clever combination with which they had to contend, and they carried out their views in such an extremely clever manner as to make it a combination not only of shipowners, but of shipowners and shippers. It was by free and voluntary assent. ("No.") They were not bound to do it—it was at any rate, by the assent, whether free or voluntary, of the shippers, that this deadly combination among the shipowners was possible. He could not conceive why, where the interests were so enormous, the shippers did not shake themselves free of this hand which seemed to grasp and paralyse their action. However, the deputation were the best judges of that; and they said that if they endeavoured to shake themselves free of it they would lose certain advantages which were at present theirs, and that in consequence of the accumulated moneys which were owing to them, their hands were tied. He should have thought it might have been well worth while to sacrifice even accumulated sums in order to obtain a free hand and lower freights. Whatever might be their position in the matter he was sure that it was not possible for the Government to take any steps as against legitimate combination, either of shippers or of shipowners. They asked that something might be done in connection with mail subsidies. He had pointed out that so far as South Africa was concerned that was not a matter with which the Government could deal. It had been said that this combination was not by any means confined to South Africa, but at any rate the greatest stress had been laid on the South African market. ("No.") He accepted that disclaimer. At any rate nothing could be done with the mail subsidy of South Africa, which was not subsidised by Her Majesty's Government. With regard to the other subsidised lines, the subsidy given by our Government, was not in the nature of a bounty, as was the case abroad in some cases—it was for services rendered; and he confessed that there would be great difficulty in the Government adopting the course which they suggested with regard to that matter. The real remedy was to enlist the sympathy of public opinion on behalf of the trade and the shippers of this country. This was undoubtedly a serious matter, not only for the trades interested, but for the whole community, if, by reason of this combination British traders would be handicapped in foreign markets, and, further it could not be in the interests of the shipowners themselves in the long run. The inevitable result, however carefully this combination might work at the present time must be damaging to the shipowner. In the first place it must have the effect of setting up a considerable and an active competition. In the next place it damaged the trade of this country. It was in the interest of all concerned that the iron trade and

other shippers should be treated fairly. They were quite justified in coming to the Board of Trade with this grievance. Even although it might not be in the power of the Government to do much, it was right and proper that when a body of traders considered themselves aggrieved, they should come to the Board of Trade, whose main duty it was to endeavour to assist the trade of this country. It would be his duty to communicate with the other side, and to see that they were fully charged with the arguments used by the present deputation. In connection with the Commercial Department of the Board, he would obtain all the information on both sides of the question that it was possible to obtain, and when the facts were obtained and properly set out, he would take care that they should be made public. (Hear, hear.) Everything they could do from that point of view should be done, to see whether, when a full statement of all these facts was set out from reliable and authentic information, something might happen which would assist the deputation in regard to the complaints they had made. He sympathised very much with the principle they were asserting, and all that he could do to assist in its development he assured them should be done. (Hear, hear.)

Sir ALFRED HICKMAN wished to correct Mr. Ritchie's impression that they principally complained of the South African rates. As a matter of fact, South Africa was not mentioned in their memorial. Mr. Ritchie also suggested that these unfair proceedings would provoke competition. As a matter of fact a number of private shipowners had attempted to act independently, but in every case the combination had completely smothered them. It was impossible to start another British Mercantile Marine, which they would have to do in order to compete effectively with these combinations.

Mr. RITCHIE : On that point I will read a passage from a book written, I believe, by Mr. H. H. Clarke: "Had the attempt of Messrs. Bucknall Bros. and their backers to break up the Ring been courageously and persistently pursued, the freedom of the market might have been won in 1892, but the leaders lacked fighting fibre, and surrendered to the enemy, and became party to the very evils they were minded to destroy." (Laughter.)

Sir JOHN JENKINS thanked the right hon. gentleman for having listened to them so patiently, and for having gone so thoroughly into the question; and the deputation then withdrew.

VII.

SIR DONALD CURRIE'S REPLY TO MR. BATEMAN'S (BOARD OF TRADE) LETTER OF THE 15th JUNE, 1899.

34, Fenchurch Street, London, E.C.

26th June, 1899.

Sir, —

I beg to acknowledge receipt of the Board of Trade letter of the 15th inst., enclosing a copy of the report (as it appeared in the "Times" of the 9th inst.) of the deputation from the British Iron Trade Association, and others, which waited upon you on the subject of freight rates on the 8th inst., and requesting me to forward to you any observations which I might desire to make with reference to the statements submitted by the deputation.

In writing to you on the 8th inst. I had the impression from what had appeared in the newspapers that the deputation would make special and exhaustive reference to the South African trade in setting forth their views as to rates of freight, the rebate system, and the alleged operations of ship-owners in restraint of trade; but I fail to find in the whole record of the proceedings of the deputation at the Board of Trade any reference of any importance to the Steam Trade with South Africa. Indeed, Sir Alfred Hickman said, by way of correction of your impression that the deputation principally complained of South African rates, that, as a matter of fact, South Africa was not mentioned in the memorial which the deputation had submitted.

I had expected that the Board of Trade would supply me with a copy of this memorial, and of any papers, pamphlets, or publications left with the Department. May I take the liberty to ask you to furnish me with this data? At the same time I do not propose to delay meeting your wish that I should at once send you the observations which I think it proper to offer upon what is reported in the "Times" as having taken place at the meeting referred to; and I shall follow this up by a specific statement as to what I may assume was presented to you as facts, and to be accepted by way of argument as applicable to the shipowners engaged in the trade with South Africa.

It is not my intention to offer any remarks as to the Eastern or Australian trades.

Sir John Jenkins, in his preliminary statement, suggested:—"That in all future contracts for carrying the mails a clause should be inserted providing that the subsidised company should under no circumstances carry foreign goods from Continental ports at lower rates than it carried goods from British ports." This he claimed on the ground that "serious harm was being done to the trade of the Empire by the system of shipping rings and differential rates," and he asked that "an inquiry by Royal Commission or Select Committee should be made into the whole matter," in view of what he stated to be a fact — namely, "that the foreign manufacturer and merchant were benefitted at the expense of their British rivals."

In reply I have to say that in so far as concerns the trade with South Africa, the Cape Parliament were invited by the Colonial Chambers of Commerce to take the course proposed by Sir John Jenkins in regard to their new Cape Mail contract; but the proposal was rejected by both the Government and the Opposition. I know of no course of action which can benefit the foreign manufacturer and merchant at the expense of their British rivals in the South African trade. In the report of the South African Mercantile Association, published in March last, the clause proposed to be inserted in the new Cape Mail contract was as follows: "That it is advisable in the interests of British and South African traders that a freight clause be inserted in the next mail contract to the effect that no preferential rates or preferential treatment be granted by the Steamship Companies to any shipper or shippers, in relation to freight, but that the rates be the same to all shippers, and that therefrom, or from the freight charged in accordance therewith, no return, rebate, or abatement of any kind be made at any time, either directly or indirectly."

There is no justification for the imputation contained in this proposed clause that preferential rates of freight and treatment are granted by the steam lines engaged in the Cape trade to one shipper over another.

Sir Alfred Hickman said that "practically there was open competition at all foreign ports, and an absolutely closed ring at all English ports, the consequence being that English rates were much higher than the foreign ones."

This statement has no application to the South African trade; there is no more a closed ring in British ports than there is in the Continental ports which trade with South Africa. In Hamburg, in Antwerp, and in other Continental ports of shipment the rebate system is in operation as it is in this country; and the rates of freight which are current in Hamburg, Antwerp, and other ports by steamers under the German or British flag are the same as are charged in British ports.

Sir Alfred Hickman followed his statement up by a reference to Java; but I submit that it is unreasonable to generalise as to open competition at foreign ports, in comparison with British ports, when the argument applies only to a special port or a special trade.

The only recommendation Sir Alfred Hickman had to make was to repeat the suggestion of Sir John Jenkins that there should be a stringent clause in all mail contracts; in other words, the Board of Trade has been invited and pressed to take action against the subsidised Mail Companies, and thereby to fetter their operations, but to leave unrestricted and undisturbed the unsubsidised lines (who have equally a rebate system) to enjoy entire freedom of action!

Sir Alfred Hickman made an extraordinary statement, that there is no foreign port to which British merchants ship goods on the same terms as foreigners. I may assure you that this is an error, and that the statement is not in any way applicable to the South African Steam trade. Sir Benjamin Hingley spoke of German and foreign iron shipped to our colonies at 10s. per ton less than British iron; and very naturally he pointed out that this was not to the interest of the British manufacturer or the British working-man; but I can assure Sir Benjamin Hingley that I know of no such condition of things in connection with the trade with South Africa.

Mr. E. Parkes argued "that the Government insisted that a fair wage clause should be inserted in any contract which they might make with individuals in this country," and therefore, as he argued, it was "only right that in their contracts with shipping firms they should insist on the same principle being carried out"; but surely Mr. Parkes must see that his argument is really in favour of the shipowner, for the fair wages resolution passed by the House of Commons was in the interest of the wage earners, and legislation following this precedent should be in favour of the freight-earners.

What the shipowner claims is a fair rate of freight; what the deputation appear to seek to have is low rates of freight. Are the deputation entitled to claim that Parliament should legislate in the interest of merchants only to secure to them those low rates of freight? Is the same legislation to be extended to merchants and manufacturers and to shopkeepers in the disposal of their commodities?

Mr. H. H. Clarke, who represented the British Mercantile League at the Board of Trade, which League was lately created on the decease of the South African Mercantile Association, said that all they asked was that British shipowners outside the Conference or so-called Ring should have fair play.

This proposed action is really very considerate towards those who may be outside; but why do not his friends who are "outside" run their own steamers and enjoy these low rates of freight? I am quite astonished that Mr. Clarke should have added that "if they" (i.e., the New Mercantile League) "were left quite free they would be able to secure for British merchants as low rates as foreigners were now getting the benefit of," for he must know perfectly well that in the South African trade (except, it may be, as regards rough goods, such as cement, taken temporarily under certain circumstances at a difference of half-a-crown per ton) foreign shippers have really no such advantages as are referred to.

I will now deal with the agitation which has been kept up for some time past in regard to the South African shipping trade.

In my letter to you of 28th April last I referred to the report of the second meeting of the South African Mercantile Association, held at Winchester House three days previously, Mr. H. H. Clarke in the chair, when a resolution was passed to the effect that a deputation should wait upon you to ask for a Select Committee to inquire into the operation of what he termed "Shipping Rings." This Association is therefore entitled to the credit of having brought together the deputations which waited upon you, although they appeared at the Board of Trade under the new title of "The British Mercantile League."

How did this "South African Mercantile Association" come into being? And why, after a brief and unevenly-existent, have they developed into a larger embodiment of a "British League"? Have the "League," or had the "Association," any authority from the general body of merchants trading to South Africa to express their opinions? And if they had the authority, why has the special South African title of the Association disappeared?

On May 4, 1892, a large and influential meeting of merchants and others interested in South Africa was held at the Cannon Street Hotel to consider freight and other questions. The meeting called me to the chair: and on my proposal a committee of the principal shipping firms was appointed to meet the Shipping Lines from time to time to discuss freight, rebates, opposition, and other questions affecting their mutual interest. The Committee then appointed, entitled "The South African Merchants' Committee," is still in existence; it represents the whole South African Trade; the executive has been increased in number; and there is a definite agreement between the Committee and the Steamship Lines engaged in the South African Trade. Under this agreement there is a specific understanding as to rates of freight, the rebate system, reductions in case of opposition, with stipulations as to increase of freights and so forth. Mr. H. H. Clarke, for the South African Merchants' Association, in opposition to the South African Merchants' Committee, has consistently sought to promote his views of South African trade questions; but these views have not been in accord with those of the recognised representatives of the South African Mercantile Community.

By the issue of a pamphlet entitled "The Shipping Ring," this gentleman endeavoured to secure support or at any rate, to promote agitation against the shipowners; but however interesting this pamphlet as a work of fiction may be, it has produced little practical results.

In the course of last autumn, in anticipation of the termination of its exertions, the South African Mercantile Association arranged for the meeting which was held in the Board Room of the Manchester Chamber of Commerce, on October 25th last. Mr. Robert Barey, the President of the Chamber, presided, and very fairly asked the meeting, in dealing with the subject of rebates and Conference Rings, to bear in mind "that it was severe competition which drove the Steamship Companies into joint action." The deputation to the Board of Trade was the outcome of this meeting. You pointed out to the deputation, in answer to their representations, that it was not illegal to combine; and moreover, that the combination complained of was one which included the merchants.

Whether or not there is a "Shipping Ring," as the Shipowners' Conference is termed, or a "Merchants' Ring," as their Conference to deal with shipowners may be called, or a "Joint Merchant-Shipowners' Ring," as their joint Conference may be said to be, it is certain that the result has been greater stability in freights, and more satisfactory co-operation than could result from the chaos in shipping matters which would follow from the adoption of the suggestions made to you that the Board of Trade should assist certain shippers, and those not important shippers in encouraging the despatch of "outside" vessels in the Cape trade, irrespective of the wishes of merchants and shippers generally, and practically to their disadvantage in the consequent irregularity in rates of freight.

There is a very interesting portion of the pamphlet to which I have referred, namely, the claim put forward that a great service in regard to rebates had been rendered by the author to shipping and to the Cape by his appearance before the Committee of the House of Commons on the Merchandise Marks Act to give, as he described it, "rebutting evidence" direct against the evidence which I had submitted to the effect that the transit trade of British shipowners had been seriously injured through the operation of the Merchandise Marks Act, with no practical gain to our manufacturers, but with great advantage to the Continental manufacturers and to the foreign mercantile marine.

The introduction of the rebate system into the consideration of the Merchandise Marks Act by the Committee was, I venture to say, about as relevant as it would have been for this gentleman to have proffered evidence as to the future of China or of Timbuktu; and indeed, Mr. Clarke admits, in a naive way in his pamphlet, that his evidence really was "not quite apposite." But it was, I submit, more than irrelevant—it was a mischievous interference against the interests of merchants as well as of shipowners, to put forward the rebate question in opposition to the evidence in favour of the relaxation of vexatious restrictions upon goods in transit from the Continent to South Africa via British ports. It was for the interest of the British Mercantile Marine in competition with foreign vessels that these restrictions should be removed; it was also manifestly to the advantage of merchants in this country that they should not be compelled to ship their Continental purchases from Continental ports by steamers trading under a foreign flag. And here I may say that the communication which you have been good enough to address to myself under date the 15th inst., to the effect that the Lords of the Treasury had issued instructions for the removal of restrictions on goods in transit, sufficiently proves that Mr. Clarke's action was both uncalled for, and to the disadvantage of our commercial prosperity.

It may be as well to add in regard to this pamphlet that the value of the information given therein to the public may be estimated by the fact of the unwarranted statement that in the arrangements which were come to some time ago with German steamship owners, there was on the part of British shipowners "a shameful surrender to German trade interests to the disadvantage of British interests." The public have been persistently kept in ignorance of the fact that while the rates of freight from the ports of the Continent are the same as the lowest current rates from British ports, the State Railways of Germany (under Government control) and for the support of German steamers, had agreed to allow reduced rates of railway carriage from the interior of Germany upon all goods destined for South Africa which should be shipped by steamers under the German Flag. This accounts for the differences frequently quoted in regard to Continental rates of freight.

If there is any further information which you desire I shall be glad to supply it. I have shown, I hope to your satisfaction, that in so far as concerns the Cape trade, the deputation, however well-meaning their object, have really nothing to complain of, and that they have been induced to believe in a condition of things in the South African trade which really does not warrant an appeal to the Government of this country for legislative interference.

I have the honour to be, Sir,

Your obedient Servant,

DONALD CURRIE.

The Rt. Hon. C. T. Ritchie, M.P.,
President of the Board of Trade, London.

VIII.

SIR ALFRED HICKMAN'S REPLY, THROUGH "THE TIMES," TO
SIR DONALD CURRIE'S LETTER.

Sir,

The case presented to the Board of Trade by the British Iron Trade Association was shortly as follows:—

1. The British shipowners have formed a combination or Ring, which has established at all British ports certain fixed rates.

2. These rates are extravagantly high, but are largely reduced by a system of rebates which are allowed to traders, who bind themselves to ship only by members of the "Ring," and in order to ensure the steadfast adherence of traders, a large portion of the rebates is kept in hand, and is forfeited if any goods are sent by means of any outsider.

3. If any shipowner outside the Ring offers to carry goods, his ships are "nursed" wherever they go by the overwhelmingly powerful combination, and even if he can find traders willing to forego the rebates which they are entitled to, freights are put down below living point at any port where his ships apply for loading, and he must either join the "Ring" or trade at an absolute loss.

4. These contrivances have been so successful that there is now no competition whatever at any British port, and the whole export trade of the country is in the hands of the ring.

5. At the same time none of these regulations obtains at foreign ports. There the trade is free, and British shipowners of the Ring compete, not only with foreigners, but with each other, and freights are regulated by natural and free competition.

6. British traders do not complain so much that the freights charged, less the rebates, are extravagantly high, but they do complain that they are charged from 50 to 200 per cent. more than the same British shipowners charge for similar goods from foreign ports to the same destination.

Instances were given of which I subjoin a few:—Iron from New York to Australia, 5s. to 10s. per ton; from Liverpool to Australia, 15s. to 25s. per ton. Hardware—New York to New Zealand, 15s. per ton; London to New Zealand, 32s. 6d. per ton. Cotton goods—United States to Shanghai, via Liverpool, 26s. 6d. per ton; from Liverpool, by same ship, 47s. 6d. per ton.

These goods are brought from the States in a British ship to Liverpool, where British goods are taken on board, which are charged 21s. per ton more. Wire, nails, etc.—Hamburg to Australia, 7s. 6d. per ton; New York to Australia, 5s. to 10s. per ton; Liverpool to Australia, 17s. 6d. per ton.

The cheapest way to send goods from Liverpool to New Zealand is to send them to New York, and then tranship.

The cheapest way to send goods to Java is to send them to Amsterdam, where they are transhipped, sent back to Liverpool, and thence to Java.

Sir Donald Currie does not attempt to controvert any of these statements, but he says they do not apply to the trade with South Africa. He says that the freights charged from Hamburg, Antwerp, etc., are the same as from British ports.

That statement may be true, but it is scarcely candid; the rates from the German ports may be the same, but those charged from inland towns, where the goods are manufactured, are much less.

For example, 11 cases of hardware, Pinneberg to Durban, £6 13s.; British rates, £10 15s. 9d.; two cases of hardware, Kiel to Durban, £1 6s. 4d., British rates £2 11s.

These instances can be multiplied to any extent. The Johannesburg Chamber of Commerce complained that an allowance was made on the through rate to Johannesburg on goods from Germany, which was refused on the same goods from English ports, but the only answer they could get was that it was an arrangement between the German Railways and the Steamship companies.

But even if the rates were the same, which, as has been shown, they are not, why should the English trader be debarred from all benefit from being nearer? The German goods are carried a much greater distance, and have to pay the heavy Suez Canal dues, whereas English goods go direct.

The deputation asked the Government to make a stipulation in all mail contracts, and with all subsidised lines that British traders shall be treated equally with foreigners. Sir Donald Currie says this would be to fetter the operations of the subsidised companies, and leave those unsubsidised freedom of action, but is this so?

If the subsidised lines were compelled to carry British goods at the same rate as foreign, the unsubsidised would be compelled to follow suit, or the subsidised steamers would have all the trade, and thus this unpatriotic combination would be broken up.

The enormous power of the whole British mercantile marine, banded together as it is, might, if it chose to make the effort, enforce its arrangements in foreign as well as British ports, and if they will only do this, British traders will not complain; all they ask is equal treatment, and this, I submit, they have a right to ask the British Government to insist upon their having.

I trust that the great importance of the subject to British Trade will excuse the demand which I am making upon your valuable space.

I am, Sir, Your obedient Servant,

ALFRED HICKMAN.

House of Commons,

July 1.

P.S.—The following figures were given me some time ago by a shipper, but I am not sure of their accuracy at the present moment. They were certainly correct before this agitation commenced:—

Freight by Steamer to	Natal	Delagoa Bay.
Iron from Dusseldorf district	... 38s. 8d.	38s. 8d.
from Wolverhampton	... 40s. 9d	43s. 3d
Hardware from Dusseldorf district	... 43s. 6d.	43s. 6d.
from Wolverhampton	... 60s. 7d.	63s. 1d.

IX.

MR. H. H. CLARKES LETTER ADDRESSED TO THE PRESIDENT
OF THE BOARD OF TRADE, IN REPLY TO SIR DONALD
CURRIES LETTER ON THE SUBJECT OF SHIPPING RINGS,
JULY 5.

The facts I have submitted in my little book prove that under the through-rate system of the German East African Company, certain classes of goods are conveyed to South African ports at sea-freight rates from 5s. to 20s. per ton under the rates in force at British ports, and if you refer to the published tariff of the German Line, you will find the through rate for iron screws from Bremen to Delagoa Bay is quoted at a rate equal to 35s. per ton, against 42s. 6d., charged by the Conference at our ports here. Sir Donald Currie has flippantly dismissed such freight disadvantages as the result of a temporary disturbance in a foreign market, but unfortunately these so-called freight disturbances in foreign freight markets, when regular high rates are maintained artificially at British ports, produce a lasting injury to our commerce. But what has Sir Donald Currie to say to the fact proved in my pamphlet that certain British goods have been delivered at Hamburg, and have been conveyed thence on a sort of pleasure trip to an inland town in Germany, and there taken under the through-rate system to Delagoa Bay, at about 8s. per ton under the sea-freight rate charged from any British port? And even his friends of the South African Merchants' Committee have asked in vain for cargo steamers to be put on at our ports to enable British traders to compete against the low rates charged at New York and other foreign ports, and in the face of such facts as these he has the temerity to assert that our traders have no freight grievances to complain of in the South African Trade. It is certainly not the fact, as Sir Donald Currie alleges, that the public have been persistently kept in ignorance of the fact that, while the rates of freight from the ports of the Continent are the same as the lowest rates current from British ports, the State Railways of Germany, under Government control, and for the support of German steamers, had agreed to allow reduced rates of railway carriage from the interior of Germany upon all goods destined for South Africa which should be shipped by steamers under the German flag. I have specially referred to this matter in my pamphlet, and have at the same time pointed out that the through traffic of the German State Railways covers, not only preferential railway rates, but, in addition, on many classes of goods a preferential sea-freight of considerable benefit to the German manufacturers. This Sir Donald Currie conveniently ignores, and it is this preferential sea-freight, and not the preferential railway freight, which accounts for the differences I have set out in my book.

SIR DONALD CURRIE'S LETTER TO "THE TIMES" OF JULY 7th,
1899.

SHIPPING RINGS.

Sir,—It was in response to the invitation of the Board of Trade that I wrote the letter which appeared in your columns on Saturday last, the 1st instant, and as I asked the President in that letter to supply me with the *data* in which the deputation based their arguments in so far as concerns the South African trade, it will be my duty to add to what I have already written as soon as this information reaches me.

In like manner it is to the Board of Trade that I must send my answer to Sir Alfred Hickman's letter in "The Times" of to-day, as the questions opened up by the deputation are under the consideration of the Board of Trade. It is well, however, for me to prevent any misunderstanding in regard to Sir A. Hickman's statement that through rates to Johannesburg on goods from Germany exist under "an arrangement between the German Railways and the steamship companies." There is undoubtedly an arrangement between German shipowners and the German railways in so far as concerns the South African Trade.

Further, as to certain rates quoted by Sir A. Hickman as applicable to Natal and Delagoa Bay, in regard to which he says he is "not sure of their accuracy," these shipments appear to have been from Dusseldorf, and a comparison is made with Wolverhampton. If the quotations are correct, they have been made under the arrangement between the German Mail Steamship Company and the State Railways of Germany referred to in my letter to the Board of Trade.

These through rates are under the control of the Berlin Government, and apply to the German Mail steamers only, and the British shipowners engaged in the South African Trade have no control whatever over these through German State railway rates, and they are disadvantageous to British shipowners, who, I may add, have no control over British railway rates. And if this is to be a railway question, then British manufacturers should use their influence with our Government and with the directors of the railways in this country to secure to them equal advantages with those enjoyed by foreign manufacturers, through the Continental State-aided railways. How can they ask for relief from British shipowners, who have no responsibility in the matter?

I need only refer in a few words to the letter from Mr. H. H. Clarke, which appeared in your issue yesterday. The whole of Mr. Clarke's argument is based upon a misunderstanding of the German State railway system, which favours the German Mail steamers as against British steamers engaged in the South African Trade, and he does not inform your readers that the mail companies and shipowners engaged in that trade have no responsibility for, or control over, their rates, whether on land, or in regard to through freight upon the sea.

I am, Sir, Your obedient Servant,

DONALD CURRIE

House of Commons, July 6.

XL.

COPY OF A LETTER RECEIVED BY THE BOARD OF TRADE
FROM

HER MAJESTY'S CONSUL-GENERAL AT HAMBURG, calling attention
to certain mis-statements in Sir Donald Currie's letter to "The Times" of
1st July, 1899.

British Consulate General,

Hamburg, July 5th, 1899.

Private.

Dear Sir,

With reference to the letter regarding the subject of "Shipping Rings" (published in "The Times" of the 1st instant), addressed by Sir Donald Currie to the President of the Board of Trade, in reply to your letter of the 15th ultimo, and in which Sir Donald Currie—in the last paragraph but one—states "That the public have been persistently kept in ignorance of the fact that while the rates of freight from the ports of the Continent are the same as the lowest rates current from British ports, the State Railways of Germany, under Government control, and for the support of German steamers had agreed to allow reduced rates of railway carriage from the interior of Germany, . . . &c.",

May I take the liberty of calling your attention and that of Mr. Ritchie to the circumstances—evidently quite unknown to Sir Donald Currie—the subject of reduced or preferential rates by the German State Railways and the German East African and "Levant" Line Steamers has during the past few years repeatedly been brought before the public in reports drawn up by our Commercial Attaché at Berlin (Mr. Gastrell) and by myself and published by the Foreign Office.

It seems to me equally unfair upon the Board of Trade, which published extracts from these reports and upon the Foreign Office, which placed them at the disposal of the public (at the lowest possible price), as well as perhaps upon our Commercial Attaché at Berlin and myself, that a large number of readers of Sir Donald Currie's letter in "The Times"—as well as Sir Donald Currie himself—should not be made aware of the circumstances that the subject has been mentioned during the last few years—in the following reports issued by the Foreign Office, viz.:

- (1) Annual Report on Trade of Hamburg for 1897 (Pap. 9, No. 2,101, Annual Series).
- (2) Annual Report on Trade of Hamburg for 1898 (Pap. 9, No. 2,263, Annual Series).
- (3) Blue Book, Commercial, No. 2, 1898, on "Preferential Rates."
- (4) Development of Germany, No. 490, Miscell. Series, Pap. 44.
- (5) Trade of Hamburg with Africa, Miscell. Series, No. 479.

Pray excuse my troubling you with these remarks, and believe me,

Dear Sir, etc.,

(sgd.) WILLIAM WARD,

H.B.M.'s Consul-General.

A. E. Bateman, Esq., C.B.,

&c., &c., &c.,

Commercial Department,

Board of Trade.

XII.

COPY OF SIR DONALD CURRIES REPLY TO MR. H. H. CLARKE'S LETTER OF 1st JULY.

London, 10th July, 1899.

SHIPPING RINGS.

Sir,

I had thought it would not be necessary to trouble you with another letter after that dated 5th instant, but my attention has been called to a communication addressed to you by Mr. H. H. Clarke, dated the 4th instant, published in the "African Review" on Saturday last, which I take to be the full text of the letter which he forwarded to "The Times," and which was published in abstract by "The Times" on the 5th instant.

In addition to what I have already written to you in answer to Mr. Clarke's reported statements, I must now refer to the other points of his letter of the 4th instant above mentioned.

1. Mr. Clarke informs you that I have "confused ideas" concerning the deputation, for that I am not "justified in giving the credit of having brought it together to the South African Mercantile Association," and yet in the published report of the meeting held at Manchester on the 25th October last, it was at the instigation of the Secretary of Mr. Clark's Association that it was agreed to arrange a Deputation to the Board of Trade. The resolution was as follows: "The appointment of a Committee, with power to add to their number, to take such measures in conjunction with the South African Mercantile Association, as they might find expedient in order to assist the Association to remove the evils wrought to our national trade by Shipping Combinations."

And it was stated that it was most probable that a Deputation to the Board of Trade would be organised by the Association at an early date.

2. Mr. Clarke supplies you with rates of freight which, he says, were current in former days. But surely the deputation appeared before you to tell of present grievances? And Mr. Clarke complains to you that while he had always been objecting to lower rates at Hamburg and other ports compared with rates in British ports, he was now inclined to urge that rates should really be higher in Continental Ports than in Ports of the United Kingdom! British shipowners are thereby asked to play into the hands of their competitors by raising rates abroad to their manifest advantage.

3. I am accused by Mr. Clarke with having made "an unwarranted statement" in regard to his action before the Merchandise Marks Committee. My reference to his claim of having rendered a service in regard to rebates before the Committee charged with an entirely different enquiry may be examined in connection with what Mr. Clarke said when addressing the annual meeting of the South African Mercantile Association on the 25th April last, namely, "The Association submitted evidence to the Select Committee on the Merchandise Marks Act in support of their contention that the South African Conference or Ring seriously handicapped British trade."

4. Naturally one looks for an explanation of the persistent agitation against the Mail Companies engaged in the Cape Trade, and the following extract from Mr. H. H. Clarke's speech to the Mercantile Association, of which he is Chairman, reported in the "Shipping Gazette" of the 26th April last will show that it is sought to substitute for the Union and Castle Companies another company favoured by Mr. Clarke and his friends. Mr. Clarke said "He was able to assure them on very good authority that the success of the motion in the Cape Parliament to throw the Mail Contract open to public tender and the submission in consequence of an important tender by Mr. H. T. Van Laanen were largely due to the persistent work of the Association in the past."

"He had mentioned the fact that Mr. H. T. Van Laanen had tendered for the Cape Mail Contract, and as they were advised that he had offered an accelerated service, and was prepared to charge low freight rates, and did not

intend to coerce shipper with the abominous system of rebates now in force by the South African Conference, they wished him every success in his courageous enterprise."

That is to say Mr. Clarke and his friends are not only entitled to the credit of having promoted the Deputation to the Board of Trade, but they claim the distinction of having done what they could to assist in the establishment of a rival Mail Steam Service in the South African Trade. And yet in the speech referred to, Mr. Clarke thought it worth while to say, "The Association has not the least prejudice against the Shipowners at present engaged in the South African Trade, they wished them well!"

I remain, etc.,

(Signed) DONALD CURRIE.

The Rt. Hon. C. T. Ritchie, M.P.,
President of the Board of Trade,
Whitehall, S.W.

XIII.

MR. CLARKE'S REPLY TO SIR DONALD CURRIE'S LETTER OF
10th JULY, 1899.

Finsbury Circus Buildings,
London, E.C., 19th July.

Sir,

May I be allowed briefly to reply to Sir Donald Currie's letter dated 10th July, which appears in the current issue of the "African Review"? I will take his points in order:

1. I corrected Sir Donald Currie because I thought it only fair to the British Iron Trade Association to do so, but if he insists that the credit in connection with the organising of the deputation which waited upon you belongs to the South African Mercantile Association, I can only again assure you that he is in error. The quotation he submits has no bearing on the question at issue.

2. I not only supplied rates current in former days, but those at present in force, and the former Continental rates were referred to by me to prove a case of preferential treatment by shipowners engaged in the South African Trade. The rates at present charged may have been fixed by an arrangement made between the German and British shipowners, and we have only asked that the sea freights from British ports shall be at least as low as those at present obtainable through foreign ports.

3. Sir Donald Currie does not withdraw his unwarranted statement in reference to an alleged claim made by me in my little book. He refers to what I said at the last Annual Meeting of the South African Mercantile Association, which has nothing whatever to do with the specific statement he made.

4. The explanation of the persistent agitation against the shipowners is certainly not that which Sir Donald Currie suggests for your consideration. The agitation is wholly due to the extraordinary policy of British shipowners in granting lower sea freights at foreign than at British ports, and it was to remedy this undoubted grievance, not in any sectional interest, but in the interest of British traders generally that the agitation was started, and has since been persistently pursued.

I am, etc.,
(Signed) H. H. CLARKE.

The Right Honourable C. T. Ritchie, M.P.,
President of the Board of Trade,
Whitehall, S.W.

XIV.

SOUTH AFRICAN FREIGHT COMBINATION.

STATEMENT BY SIR W. DUNN SENT TO THE PRESIDENT OF THE
BOARD OF TRADE.

In the early Mail Contracts the Companies securing the contract were bound not to combine. They nevertheless worked as a combination, and the clause on this point has been dropped in recent Mail Contracts.

The Combination is now so complete that no cargo from the United Kingdom can be carried to South Africa by steamer except at rates the Combination dictates. These rates rarely fluctuate, but on the other hand they are on the average far above open market rates for steamers, and have been for long periods as much as 25 per cent. above open market rates. The consequence is that British trade with the Cape is hampered by the amount of this excess freight in competition with other sources of supply which have a free freight market.

The great bulk of British goods for South Africa are such as have to be carried by steamer, and consequently the effect of sailing ship rates does not tell much in moderating the rates which the Steamer Combination charges.

In consequence of this Steamer Combination, steamer rates from the Continent, especially from Germany, were for a long time very much lower than from the United Kingdom, and, as a consequence, many kinds of German goods gained an entrance into the South African markets, and still maintain their hold there. The British Steamer Combination, while this lower freight from the Continent lasted, carried goods from the Continent to South Africa, at far lower rates than they would carry the same goods from the United Kingdom to South Africa. Recently the British steamer combination bought over the German Steamer Company, and the latter is now embraced in the Combination. Rates from Continental ports are now consequently the same as from the United Kingdom, but the German goods by German steamer have still an advantage over British goods by reason of the preferential rates granted on German railways to goods carried over sea under German Flag. Were there no combination of British steamers, and freights left to open market competition, the rates from British ports would undoubtedly be such as would far more than counterbalance this advantage to German goods.

The trade from America to South Africa has increased enormously the last few years. A large part of this increase is in bread stuffs, but this part is accounted for by special temporary circumstances which are now passing away. A very large part of the trade, however, has been brought about by the steamer rates from the United States having been for long periods much lower than from the United Kingdom, although the steamers from there are run by the same British owners who work the high-rate combination from the United Kingdom and who are in receipt of British Mail subsidy for their United Kingdom-South African steamers. The goods which go from the United States to South Africa lend themselves largely to shipment by sailing vessel, and consequently on many kinds of goods the steamers are never able to charge high rates from there. On account of these cheap American steamer freights, the United States has secured the South African markets in many articles that formerly went exclusively from the United Kingdom. Attached is a copy of the manifest of a recent steamer cargo from New York to South Africa, which will show how varied is now the trade diverted to America, and all the lines in which, except those marked in red, would, up to a few years ago, that is, up to the advent of steamers from America at cheaper rates than from the United Kingdom, have been in all probability taken of British Manufacture; and were there to-day no combination of British South Africa

steamers, and were freights from here still an open market, the greater part of these goods would still be taken from here.

The steamer freight combination is maintained by means of the ship-owners retaining on deposit ten per cent. of all freights, for twelve to fifteen months after shipment, and which deposit the merchant who has shipped the goods forfeits if during the period of deposit he ships anything whatever by steamers outside the Combination. This amount on deposit may for a firm shipping a large amount of goods be as much as £3,000 to £4,000 at one time.

The rates of freight from the United Kingdom to South Africa are more than the rates to Australia, although South Africa is only half the distance of Australia, and passenger rates are in the same proportion.

XV.

3 and 4, Fenchurch Street,
London, E.C.,
7th July, 1899.

FROM SIR D. CURRIE TO THE PRESIDENT OF THE BOARD OF TRADE.

"SHIPPING RINGS."

Sir,—

As I understand from you that I am to expect no further data for reply, I shall now submit to you an answer to Sir Alfred Hickman's letter, which appeared in the "Times" of the 1st instant, with sufficient information to remove the impression which naturally would follow from an acceptance of the statements which Mr. H. H. Clarke has made in the "Times" of the 5th instant. I beg leave to enclose a copy of Sir Alfred Hickman's letter to the "Times," and a copy of my reply, published in the "Times" of to-day.

It is singular that the heading of Sir Alfred Hickman's letter is "The Shipping Ring," and not "Shipping Rings," and this, taken in connection with the first clause of his letter, would lead one to suppose that there is a "Ring" of all shipowners forming a combination controlling and fixing rates at all British ports. These are Sir Alfred Hickman's words:—"British ship-owners have formed a combination or ring which has established at all British ports certain fixed rates." I have to say in reply that there is no such Shipping combination.

The arguments of Sir Alfred Hickman in Clauses 2, 3, 4, and 6 of his letter refer to the trade from New York to Australia, Liverpool to Australia, the United States to Shanghai, and so forth; but I am only concerned with what affects the Cape trade, and in all probability the shipowners concerned will answer for themselves.

In regard to Clause 5, I cannot understand what Sir Alfred Hickman can mean, if he refers to the South African trade, when he says that "at foreign ports the trade is free, and that British shipowners compete not only with foreigners but with each other, and that freights are regulated by natural and free competition." These remarks have no application to the South African trade.

In following up his line of argument Sir Alfred Hickman adds, "The cheapest and best way to ship goods from Liverpool to Java, for instance, is to send them first to Amsterdam, and then from Amsterdam to Java, and all this work was done by British shipping," which Sir A. Hickman follows up by the extraordinary remark, "Sir Donald Currie does not attempt to controvert any of these statements." Why should I take any trouble to do so, when these statements do not refer to the South African trade?

Sir Alfred Hickman, however, says that my statements about Continental trade to South Africa may be true; he allows himself, however, to add, in regard to this statement, "but it is scarcely candid"; and thereupon he adds, "The rates from the German ports may be the same, but those charged from inland towns where the goods are manufactured are much less."

If Sir Alfred Hickman will only read my letter, published in the "Times" of the 1st instant, and to which letter one would think his letter should be a reply, he will find that the Mail and other Lines trading to South Africa have no responsibility whatever for the rates charged through from German inland towns, but have strongly protested against them, and only wish they were not in operation.

What, then, is the use of Sir Alfred Hickman illustrating his arguments by quotations from inland towns in Germany to Durban as compared with British rates, seeing that none of the British lines have any say in the matter? We know very well from experience the disadvantages under which British shipowners stand through the operation of inland through rates in Germany for goods shipped from Hamburg by the German Mail Line to South and East Africa; and as this is more than a mere freight question, representations have been before the Foreign Office for some time past on the part both of the Steam Lines and of the Cape Merchants claiming a remedy from an international point of view.

If my statements are to be accepted, what propriety is there in Sir Alfred Hickman's argument that "German goods are carried a much greater distance and have to pay the heavy Suez Canal dues, whereas English goods go direct?"

In answer to Mr. H. H. Clarke's letter, which appeared in the "Times" of the 6th instant, I have to say that his communication is wholly based upon a misconception or misinterpretation of the German State-owned Railway system, which favours German African Mail Steamers to the disadvantage and loss of British steamers.

The first words of his letter prove this. He says, "The facts I have submitted in my little book (that is the work of fiction to which I have referred in my letter to you of the 28th April) prove that under the through rate system of the German East African Company certain classes of goods are conveyed to South African ports at sea freight rates from five shillings to twenty shillings per ton under the rates in force at British ports, and if you will refer to the published tariff of the German Line you will find that the through rate for iron screws from Bremen to Delagoa Bay is quoted at a rate equal to 3s., against 4s. 6d. charged by the Conference at our ports here."

I do not admit the correctness of Mr. Clarke's figures, but supposing them to be all right is he not demonstrating that I am correctly stating, in my correspondence with you, that the German through rate system is one which neither I nor any British shipowner can in any way control. Mr. Clarke then allows himself to make the following statement:— "Sir Donald Currie has flippantly dismissed such freight disadvantages as merely the result of a temporary disturbance in a foreign market," while I submit to you that I have not in any form or way done anything of the kind.

Mr. Clarke follows up this with the following:—"But what would Sir Donald Currie have to say to the fact proved in my pamphlet that certain British goods have been delivered at Hamburg and have been conveyed thence on a sort of pleasure trip to an inland town in Germany and there taken under the through rate system to Delagoa Bay at about 8s. per ton under the sea freight rate charged from any British port?" To which I have to reply that this pleasure trip style of business, supposing it to be a true statement, is one with which I have nothing whatever to do, and I fail to see why my name is mentioned in connection with it. Mr. Clarke should ask for a justification of this mode of conducting business from the German Mail Company or at the offices of the German State Railways.

It is beside the question for Mr. Clarke to inform the editor of the "Times" that representations have been made to the Lines in favour of a fourth-class steamer to supplement the Mail Packets, the fast Intermediate Steamers of the Mail Lines, and the Cargo Steamers of other Lines, for the simple reason that the trade will not warrant the introduction of such a service at the low rates of freight which shippers naturally desire.

Mr. Clarke makes a statement which I would like him to prove to you, for I have no knowledge of it. He says: "The through tariff of the German State Railways covers not only preferential railway rates, but in addition on many classes of goods a preferential sea freight of considerable benefit to German manufacturers. This Sir Donald Currie conveniently ignores, and it is this preferential sea freight, not the preferential railway rate, which accounts for the differences I have set out in my book." It is only necessary to say in reply that if the German State Railways and the German Mail Line have an understanding between them as to the sea freight as well as the inland carriage of goods it is not within the knowledge and approval of the British lines; but whether they have or have not such an arrangement amongst themselves in the interest of German manufacturers or shipowners, it is one for which the British shipowner engaged in the Cape trade has absolutely no responsibility.

Mr. Clarke's own letter to the "Times," above referred to, is a very good answer to the claims of the Deputation for any interference by the Board of Trade with British Shipowners engaged in the South African trade.

I think it proper to say in conclusion that in reply to your communication of the 15th June I am not writing by any authority from any Shipping Line or Conference, but on my own responsibility.

I have, etc.,

(Signed) DONALD CURRIE.

XVI.

DRAFT CIRCULAR ENCLOSED IN COLONIAL OFFICE LETTER OF
11th AUGUST, 1899, FOR OBSERVATIONS OF THE BOARD
OF TRADE.*Circular.*

Downing Street,

August, 1899.

Sir,

With reference to my despatch of the 25th November, 1895, in which I invited the assistance of your Government in preparing returns to shew the extent to which British Imports were being replaced in the Colonies by similar foreign goods, and the reasons for such displacement I have the honour to inform you that I have recently had under my consideration certain allegations to the effect that serious injury is being done to Imperial Trade by the action of combinations of shipowners under the name of "Shipping Conferences" and other designation.

2. Without expressing any opinion as to the correctness or otherwise of these statements, I consider that they are of sufficient importance to render it desirable that the fullest possible information should be obtained from all parts of the Empire.

3. I would, therefore, request you to be so good as to report to me with as much specific detail as possible on the following points:—

- (i.) The existence of agreements among various lines of shipping with the object of raising freights, eliminating competition, or enforcing rules on their members.
- (ii.) Differential freights on British and foreign goods from the same port or freights arranged so as to favour goods from a foreign port as compared to goods from a British port at an equal or less distance from the importing country.
- (iii.) Preferences shewn to foreign goods, merchants, or agents by lines of shipping.
- (iv.) Any similar matters affecting the import and export trade of the Colony under your Government, especially British trade.

4. I should also be glad to learn your opinion as to the general effect of such combinations upon British Trade with the Colonies, and as to the best manner in which their detrimental results, if any, can be neutralised.

5. It is probable that much of the most valuable and interesting information could only be obtained confidentially, and with an understanding that no publicity will be given to the informant's name or his evidence. Under these circumstances it may be advisable to send a report which can be published, and to supplement it by a special confidential report containing information which it may not be desirable to publish in full.

I have, etc.

The Officer Administering
The Government of

XVII.

LETTER FROM BOARD OF TRADE TO COLONIAL OFFICE, DATED
16th AUGUST, 1899.

Sir,

I am directed by the Board of Trade to acknowledge the receipt of your letter of the 14th instant (Number 20533 99) enclosing a draft despatch on the subject of "Shipping Conferences," etc., which it is proposed to send to various Colonial Governments.

In reply, I am to state that the Board concur in the terms of this draft. I am, however, to suggest for Mr. Secretary Chamberlain's consideration that it might be advisable to make an addition to the draft after subparagraph 3, so as to include in the reference to the Colonial Governments the question of freights on goods exported from the respective Colonies as well as on goods imported into them. The additional subparagraph might, it is thought, be worded in some such terms as the following : -

"Differential freights on goods leaving the Colony for British or foreign ports, respectively, at an equal or less distance, or freights so arranged as to favour trade with foreign as compared with trade to British Ports."

I have, etc.,

(Signed) A. E. BATEMAN.

The Under Secretary of State,
Colonial Office.

XVIII.

Letter from Sir Donald Currie, G.C.M.G., to Lieut.-Col. the Right Honourable Sir Albert H. Hime, K.C.M.G., Prime Minister of Natal, in reply to representations made to the Government of Natal with regard to the course said to have been adopted by the Union-Castle Mail Steamship Company, and the other Steam Lines engaged in the South African Trade;

AND

Copy of Correspondence between the Government of the Cape of Good Hope and Messrs. Donald Currie & Co. in 1894, referred to in the said letter.

August, 1902.

Letter from Sir Donald Currie, G.C.M.G., to Lieut.-Col. the Honourable Sir Albert H. Hime, K.C.M.G., Prime Minister of Natal.

3 and 4, Fenchurch Street,
London, E.C.,
25th August, 1902.

Sir,

When I had the honour of being received by you at the Hotel Cecil the day after your arrival in England, you were good enough to promise that I should receive from you a copy of the representations made to the Parliament of Natal and to your Government in regard to the course said to have been adopted by the Mail Company with which I am connected, and by the other steam lines engaged in the South African trade.

In due course I received the information referred to, and since that time there has been forwarded to me a memorandum of what took place at an interview which the steam lines had with you a short time ago, when it was agreed, after hearing your views, that the Shipowners interested in the trade with the Cape and Natal should submit to you in writing what they had to say.

As my name appears to have been very freely used both inside and outside of the Legislative Assembly at Maritzburg, and in the columns of the Natal Press, I think it well to place on record what I hope may be considered a sufficient reply to the erroneous and exaggerated criticisms which have been impressed upon the Natal public to the prejudice of the Mail Company. These had previously a somewhat extended currency in the Cape Colony, partly through a feeling which arose amongst interested parties who had been disappointed in their hopes that opposition and rivalry to existing steam lines, and especially to the Mail Company, could be encouraged and established. This seemed to be the more pronounced but most unreasonably—in consequence of an alteration in the mode of defining passenger rates necessitated by the new conditions of the Mail Service.

1. THE SO-CALLED RING.

It has been a favourite subject for declamation amongst certain of your public men that the Steam Lines engaged in the trade favour foreign shippers and manufacturers, and that there is a combination to maintain excessive British rates of freight, and by means of a "rebate of primeage" to prevent opposition.

In answer I claim that the Shipowners are entitled to meet in conference; that the rates of freight are not excessive; that we are under the disadvantage of having little or no homeward freight; and that to maintain the service and provide regularity of outward sailings we are compelled to return

to England, whatever may be the loss on the voyage. There is no "rebate of primeage." It has been said that the Shipowners held back the primeage, as if it belonged to the Merchant who ships the goods. But the 10 per cent. primeage is simply part of the freight, and whether charged as now added to the rate, or the total freight made payable as a net freight, it is the steamer's earning, and not due in any way to the Merchant. Instead of charging 15s and 10 per cent. primeage, it would be easy for the Lines to charge 19s. 6d. net. The primeage so charged has been for years past 10 per cent., but the allowance to Shippers and supporters of the Lines was only 5 per cent. up to the year 1892. The Steam Lines offer, and are quite entitled to offer, to Merchants who may agree to support them, a commission, and this commission is 10 per cent. on their shipments, excluding primeage, with the provision that a sufficient time must elapse to show that this support has been maintained. In consideration of this support from Merchants, the Shipowners allow the commission referred to; they guarantee regularity of sailings and a full supply of tonnage; they also guarantee equality of rates to such Merchants in the event of opposition. The Shipowners further agree to guarantee that they will not interfere by shipments of goods for ship's account against the interests of Merchants. This compact continues only so long as it may be in the interest of both Merchants and Shipowners, and there is no obligation on any Merchant to abide by its terms unless it suits his interest.

In order to provide sufficient tonnage, suitable sailings, rates, etc., from time to time the Lines meet in Conference, and when necessary they meet the Committee of the Merchants in conference. Upon what principle can it be argued that the railways in England, or the railways of the Cape, Natal, the Transvaal, the Orange River Territories, and of Delagoa Bay, were or are entitled to meet in conference to settle rates and routes of traffic to the public and otherwise, and that the Steam Lines between South Africa and England running in connection with all these railways are to be debarred from meeting together to confer in regard to their respective interests? The Merchants engaged in the trade meet together to consider their affairs, and whether in their conferences to discuss steam affairs, or in their Chamber of Commerce, they are not always very moderate in their claims, or in their declaration of what they may consider public policy.

If it were necessary to justify the action of the Shipowners to protect their interests while fairly consulting and co-operating with the Merchants engaged in the South African trade, it might most reasonably be pointed out that at this moment the principal railways in Great Britain are considering together in conference how to secure closer mutual working in view of declining dividends, their increased working expenses, the extra speed required from them, and the facilities also demanded by the public, which entail cost of new carriages and extra expense for coal, material, and labour. In every particular I may claim a similar necessity and justification in the case of our steamers.

But here you may enquire whether our opponents are not entitled to ask if it is true that we have favoured Foreign Manufacturers and Shipowners by our course of policy? To this I reply, without hesitation, that there is not the slightest foundation for the charge so frequently and so recklessly made that we have followed this course. There is no foundation for the charge.

The rates of freight from all Continental ports are the same as from British ports, and we have in all our Agreements with German and other lines stipulated for this in the interest of British Merchants and Shipowners. It is quite true that from the interior of Germany through to South Africa goods can be forwarded at reduced German railway rates, provided the goods are shipped by steamers under the German flag; but this regulation in favour of German steamers is wholly outside of our power to remedy, and it is manifestly against our interest to support this policy. How can it be supposed we favour a system which takes traffic away from our vessels?

The Government of Germany have not only granted a large annual subsidy to the German South and East African Mail Line, but they have supplemented this by additional aid and support from their State Railways, and by granting an allowance on all inland traffic forwarded by these German steamers. There is no favour shown to British steamers loading in German ports—on the contrary, they are absolutely opposed and prejudiced by the

German State Railways. How can it be said that in a matter so obviously contrary to their own advantage the British lines support or assist foreign shipping?

In regard to traffic from America, which it has been said is advantaged by lower rates than from England, the fact is that the rates were assimilated as far as this was possible in dealing with goods dissimilar in character; but so little to the advantage of American shippers has this been done that the opposition now carried on from New York to South Africa is actually justified by Shippers of American goods, who complain that the British Lines have been charging higher rates and not lower rates from New York than from Great Britain.

2. CO-OPERATION WITH MERCHANTS.

It is well known that for many years past the rates of freight and general details of shipping business have been arranged between the Committee of South African Merchants in London, and the Steam Lines, under an Agreement made in 1892. The Committee was appointed at a public meeting of Merchants and others interested in South Africa, held in the Cannon Street Hotel on the 4th May, 1892, and confirmed at a public meeting of the trade held at Winchester House, Old Broad Street, E.C., on the 11th May, 1897, and again at a subsequent meeting held there on the 17th May, 1899. Shippers of goods to South Africa are well aware of the disadvantage to which they are subject when an opposition is started. I remember how strongly Merchants urged me to get rid of Messrs. Suter and Williams' opposition some years ago when rates were reduced to 7s. 6d. and 8s. per ton. The Merchants interested do not find irregularity of rates and irregular sailings suit their permanent interests. Moreover, they are all well aware that all Shipowners entering into opposition will take the earliest possible opportunity of securing an Agreement with the Steam Lines engaged in the trade. This has been their experience in the past, and they know it is certain to be their experience in the future.

3. -STATE-OWNED STEAMERS.

The special remedy proposed to the Natal Legislature for all the ills supposed to result from the policy of the British Lines is the establishment of a Mail Service to be owned and managed by the Colony. It was argued in the course of last session that as Natal owned railways, the Colony should own steamers also. No one was able to show how the Colony would benefit thereby. An adventurous legislator proposed that the Colony should apply to British financiers for a loan of a few millions sterling to provide a weekly service of powerful steamers, and he declared on one occasion that, after paying for the new steamers, there would be a balance of several hundred thousand pounds, which he told the audience the Colony could "play with!" But no one has said that, even if the money were got, and your Government and Parliament were to enter on so wild an enterprise, it would pay as an investment, or enable the Colony to control and monopolise the trade.

Is this new Natal State Line to run at a heavy loss to your taxpayers to please fanciful extremists, and to carry goods at ruinous rates to increase the profits of importers? What advantage will Natal gain by impoverishing any of the existing lines and by benefitting certain shippers of goods at the expense of your taxpayers? The same Natal politician vowed he would upset the Steamship Conference, and he went so far as to threaten to "smash" me before he terminated his self-imposed mission. Well, supposing for one instant that he could accomplish all this, what better position would Natal and the commercial community occupy? What permanent advantage would the Colony gain?

If you really desire to build or purchase steamers, might you not do better by arranging to take over all or some of the existing lines, and thereby endeavour to obtain the monopoly on the sea which your railways give you on the land?

4. MAIL CONTRACT CONDITIONS.

Amongst the numerous projects directed towards a control of the Mail Steamer Service and the limitation of its Revenues, it has been proposed that the Government should obtain as much opposition as possible, and have stringent conditions for the Mail Service. It has even been urged that there

ought to be stipulations in regard to rates and terms favourable to passengers, and to the importers of goods. In this way the last Mail Contract came to be put up to public tender. What was the result? No established Line thought it worth while to tender, and, the contract being taken by the old contractors, they withdrew their previous rivalry and amalgamated their interests. This is what was gained by the Cape Colony after the agitation against the Castle and Union Companies. The Cape Government could not see their way to control rates of freight and passage money.

But, it is said, why should not the Government make conditions against "Rebates," and with regard to rates of freight, passenger rates, Conferences, and the like? To which I reply that no such interference is admissible; and I may as well relate what occurred with regard to the first Mail Contract, which I made with the Cape Government of 1876, at Capetown, when the authorities of that day endeavoured to impose unreasonable conditions. This is the story: The Castle Company had opposed successfully, from the end of 1872, the extension of the Union Company's fortnightly Mail Contract at the one shilling per half-ounce rate of postage, and were promised equality on the termination of the Contract in 1876. Instead, however, of giving the Castle Company fair terms, it was sought to impose on them very stringent conditions, which I refused to accept; and one of these conditions was the obligation upon the Castle Company to continually oppose the Union Company by reducing rates!

The end of the matter was that Sir John Molteno found it necessary to meet the Imperial Government in England, and finally settled the terms of the 1876 Contract with me—a Contract wholly different in terms from the one we were asked to accept. What was the clause with respect to freight rates, passenger fares, etc., which the Cape Government sought to impose, and which I absolutely refused to entertain? Here it is:

"And whereas the said services hereinbefore mentioned have been divided between the Company and the Union Steamship Company for the purpose and with the object of securing competition between the said companies, and such purpose and object will be frustrated if the Company amalgamates with the Union Steamship Company, or with any other person or Company who may at any time be performing the residue of the said services not performed by the Company, or any other part thereof, it is hereby further agreed by and between the said parties hereto, that, if at any time during the continuance of this Agreement the Company shall without the consent in writing of the Governor of the Cape of Good Hope amalgamate with the said Union Company or with any other person or Company as aforesaid, or shall come to any understanding or Agreement direct or indirect with the said Company, or with any other person or company as aforesaid, to charge the same fares for passengers or freight for goods whereby in any way competition may be prevented between the said Companies or persons, it shall be lawful for the Colonial Secretary of the said Colony, by writing under his hand, to determine this Agreement at any date to be fixed by him, without any previous notice to the Company or their Agents, nor shall the Company be entitled to any compensation in respect of such determination. And in case the said Colonial Secretary shall have reason to believe that there is any such amalgamation, understanding or Agreement as aforesaid, it shall be lawful for him, by writing under his hand stating that he has reason to believe as aforesaid, to demand from any such Company or person as aforesaid whether there is any amalgamation, understanding or Agreement; and unless the said Company shall, by writing under the hand of the Chairman of the Company or of the Agents of the Company in the said Colony, or, in case of private person or persons, unless such person or persons shall, by writing under his or their hand or hands or the agents of such person or persons in the said Colony, within four calendar months after the service of the said demand at the office of the Agents of the said Company or person or persons in Capetown, declare that no such amalgamation, understanding or Agreement exists, the same shall for the purposes of this Agreement be taken to exist."

I venture to think that this record of what took place in connection with the 1856 Contract affords an excellent object-lesson to those who are so ready at this time of day to impose unreasonable conditions, which no Company could possibly entertain. The Mail Subsidy is paid for services rendered in Mail-carrying, and agreed between the contracting parties as in no way limiting the Contractors in their dealings with Merchants and the travelling public upon well-known common-sense principles.

5.—LEGISLATIVE ACTION IN REGARD TO THE SOUTH AFRICAN TRADE.

History, it is said, repeats itself, and I will now relate what occurred in South Africa in the year 1891, when the influence which is at work in Natal to secure Legislative interference in the steam trade was in active exercise to promote agitation in the Cape Colony.

On the 20th of June, 1891, Sir J. Gordon Sprigg addressed to us a letter covering a Resolution directed against the Castle Mail Company, as well as against the Union Company, passed by the Legislative Council of the Cape on the 5th of the same month. In his letter Sir Gordon Sprigg informed my Firm that the Government was "in entire sympathy with the Resolution," and he called the special attention of the Castle Mail Company to the matter "with the object of obtaining a redress in regard to the grievance expressed in the Resolution of the Cape Legislative Council." In the early reply which I made to Sir Gordon Sprigg (letter of Messrs. Donald Currie & Co., dated 19th July, 1891) I gave an explicit and detailed answer to the charges referred to. The whole of that correspondence is of interest under present circumstances, and I submit a copy to you, for the information of your Government and of the Parliament of Natal.

I remain, sir,
Your obedient servant,
(Signed) DONALD CURRIE.

Lieut.-Col. the Right Hon. Sir A. H. Hume, K.C.M.G.,
Prime Minister of Natal,
26, Victoria Street, London, S.W.

L. The Honourable Sir J. Gordon Sprigg, K.C.M.G., to Messrs. Donald Currie & Co.

Treasury, Capetown,
Cape of Good Hope,
20th June, 1894.

Gentlemen,

In forwarding to you herewith copy of a Resolution adopted by the Honourable the Legislative Council of this Colony on the subject of Freight, together with cuttings from the "Cape Times," dated the 6th instant, setting forth the discussion which led to the adoption of the Resolution, I have the honour to inform you that the Government is in entire sympathy with the Resolution, as will be seen on reference to the remarks made by me before it was put and carried. I also beg to enclose copy of a letter, dated the 7th of April, 1891, received from the Townspeople of East London, enclosing Resolutions passed by them at a meeting held on the 17th March last.

To these enclosures, and especially to my remarks, I desire to invite the special attention of your Directors, with the object of obtaining a redress in regard to the grievance expressed in the Resolution, the spirit of which,

it is believed, is concurred in by the greater portion of the people in the Colony.

I have the honour to be, Gentlemen,

Your obedient Servt,

(Signed) J. GORDON SPRIGG.

Messrs. Donald Currie & Co.,

Agents for the Castle Mail Packets Co.

(Enclosure.)

Resolution of the Legislative Council, Cape of Good Hope, submitted to the Council at Capetown, 5th June, 1894.

9. Mr. Peacock moved, pursuant to notice, seconded by Mr. Van den Heever: -

"That the attention of Government be directed to the present monopoly of the entire Shipping Trade between this Colony and Europe, which appears to be mainly owing to the large Subsidy paid to the two Mail Steamship Companies under the Postal Contract. That, in consequence, a higher rate of freight for Goods outwards and Produce homeward is maintained than would be the case with open competition or free trade. That an increase in the Rate of Freight hitherto obtaining has recently been made. That Rates of Freight to Foreign or other South African Colonial ports which are geographically more distant, are more favourable or even lower than to Ports within the Colony, to the loss and injury of the Government Railways and the Taxpayers of this Colony. That the Executive be requested to use their influence with the said Mail Companies, either through the Postal Contract or by any other means within its powers to remedy such abuses as are (sic) and may arise under the said monopoly."

After discussion, Motion put and agreed to.

Report of Meeting of the Legislative Council, reported in the "Cape Times,"
Wednesday, June 6th, 1894.

THE MAIL MONOPOLY.

Hon. Mr. Peacock moved: "That the attention of Government be directed to the present monopoly of the entire Shipping Trade between this Colony and Europe, which appears to be mainly owing to the large subsidy paid to the two Mail Steamship Companies under the Postal Contract; that in consequence a higher rate of freight for goods outwards and produce homeward is maintained than would be the case with open competition or free trade; that an increase in the rate of freight hitherto obtaining has recently been made; that rates of freight to Foreign or other South African Colonial Ports—which are geographically more distant—are more favourable or even lower than to Ports within the Colony, to the loss and injury of the Government Railways and the taxpayers of this Colony; that the Executive be requested to use their influence with the said Mail Companies, either through the Postal Contract or by any other means within its powers, to remedy such abuses as are and may arise under the said monopoly." The hon. member disclaimed any hostility towards the great Mail Companies. His object was to draw the attention of the Government in a specific manner to this question, which was engaging the attention of every class throughout the country. When the Contract was being made he pointed out the danger which might be apprehended on the freight question, but he was told that the Government was only concerned with the Mail Contract. The whole Shipping Trade between this country was in the hands of a great monopoly. They were entirely in the hands of this Syndicate, a Shipping Ring, at the head of which were the two great Mail Companies to whom the Government paid a subsidy of £90,000. It might be said that it was a generous despotism, and that newer, larger, and faster ships were being brought out. But monopolies were dangerous, although they might be advantageous to some. To merchants

there had its advantages, and they had regular rates of freight and a good service: but it was a question in the interests of the country generally if they were paying a higher rate of freight than they otherwise would. The freight to Natal was exactly the same as that to East London, and there were other anomalies which had been complained of in Capetown. The rate to Algoa Bay was the same as that to Capetown—a distance less by 500 miles. They had the advantage of discharging cargo at Capetown and bringing cargo on, yet they made the Capetown people pay for the low rate which they gave Port Elizabeth. It was said they did so because they got most of their return cargo, chiefly wool, at Port Elizabeth. The same, however, might be said of East London, where they obtained almost as much wool. There was no use in talking about fighting Lines if goods were brought more cheaply to their competitors for railway traffic than to themselves. In Australia considerations with regard to freight had been insisted upon in some postal contracts. The Shipping Companies apparently made out a good case. They said they were not making a profit. It was not our business whether or not the Companies made a profit. If they could get the work done more cheaply by other companies, they ought to go to the cheapest market.

Hon. Mr. Neethling confessed his astonishment that the hon. member had not expressed greater dissatisfaction with the Steamship Companies. In the last Contract no provision was made for passengers or goods—account was only taken of the mails. He (speaker) had pointed out this discrepancy when the Contract was entered into, but what was the good of crying over spilt milk? When the Contract came up for renewal they would have something to say, and their remarks would then be more to the purpose.

Hon. Mr. Van den Heever was strongly in favour of the motion, and thought the hon. mover had only done his duty. (Hear, hear.) His honourable friend (Hon. Mr. Peacock) had perhaps changed his mind, but why was one not allowed to find out one's mistake and own it? It had been said that it was no use crying over spilt milk, but if the Council or the Government had spilt milk, it was the duty of the members of this honourable House to look out that it did not happen again. He should support the Motion, which had, no doubt, been put in the interests of the country.

Hon. Mr. Wilmot said he did his very utmost to oppose that Contract, and he told the Colonial Secretary that he was more an agent of the Steamship Companies than a servant of the country. The bargain was not so bad for the merchants as for the consumer. It was the consumer who suffered. It was no use talking about the advantages which Algoa Bay enjoyed. That was a matter of business. But whatever views they might take of favouritism, the whole matter was a very serious warning that in future they should call for tenders. (Hear, hear.) In this last case there was not a fair field and no favour. (Hear, hear.) The Contract was simply made over. (Hear, hear.)

Hon. Mr. Van Rhyn supported the Motion, and disagreed with the observations of the Hon. Mr. Neethling. The object of the Motion was not to compel the Government, but to direct their attention to the matter.

Hon. Mr. Wienand supported the Motion, and congratulated the hon. member on bringing this matter to the notice of the Government. It was a good thing to remind the Government of mistakes which had been made at times. There was no competition between the two Mail Companies, which for all practical purposes were one.

Hon. Sir G. Sprigg said the Contract came into operation on 1st October last year, and had seven years to run from that date. He did not think it was a good Contract. He said so at the time when the matter was under consideration. However, the Government made the best terms they could with the consent of Parliament. He (speaker) had a strong opinion on this subject, and he would like to give expression to that opinion: but a man who was half blinded could not make much of the fight. (Laughter.) The Government bound themselves deliberately to the Companies for seven years. He entirely sympathised with what had been said by his hon. friend on that point. He thought it a hard thing indeed that certain classes of goods were carried at cheaper rates to Delagoa Bay than to some Colonial Ports. What was the position of the Government? It had been said that the Government ought to exert an influence through the Postal Contract; but the Postal Contract was simply a Contract for the conveyance of mails, and had nothing

to do with the carriage of ordinary freight. No doubt the Government would have been in a better position to-day had something like a freight clause existed in the Postal Contract. (Hear, hear.) There was nothing in the Contract which would enable them to put the screw upon the Companies in the matter of freight. All that the Government could do was to make strong representations to the Companies, as coming from the people of the country; and he had no doubt that the Companies would take cognizance of this. The Government could represent to the Companies that by this large subsidy of £90,000 a year they were able to do an injury to the trade and commerce of this country, and they could put it to the Companies, as reasonable men, to act fairly to the other contracting party in this business. Of course the Companies might say: "We have got this Contract for seven years, and we are bound by it, and you are bound by it." Legally they were entitled to take up that position, but having regard to the relations subsisting between the Company and the Government in one case for twenty years, and in the other for more, he supposed they would like to maintain this amicable relationship. Seven years was a long time to look forward to, but it would come, and the Companies would be anxious to renew their Contracts. His hon. friend had contended that the Contract should be thrown open to the world. He would point out that the existing Companies had steamers specially adapted for this service, and for no other part of the world. Then, it was said, start a new company. It would take a long time before that new company could compete with the present Companies. There was no question of the manner in which the present Companies carried the mails then, hear, and it was not likely if any other company came in, they would conduct their business any better than the present Companies. The Government would bring moral persuasion to bear on the Companies, and try to take a more reasonable view of the grievance contained in the resolution, with the spirit of which he entirely concurred.

The Motion was agreed to.

II.—MESSRS. DONALD CURRIE & CO., LONDON, to the HON. SIR J. GORDON SPRIGG, K.C.M.G., M.L.A., CAPE TOWN,

3 and 4, Fenchurch Street, London, E.C.

19th July, 1891.

Sir,

We have to acknowledge the receipt of your letter of the 20th ultimo, enclosing a copy of a Resolution adopted by the Honourable the Legislative Council of the Colony, on the subject of freight, together with cuttings from the "Cape Times," dated 6th ultimo, setting forth the discussion in the Council which led to the adoption of the Resolution; also the copy of a letter, dated 7th April last, received by you from the Townspeople of East London, enclosing resolutions passed by them at a Meeting held on the 17th March. We are glad to have the opportunity of setting forth a correction of many exaggerated statements which have for some time past had currency in South African circles.

To begin with, the observations made in the Legislative Council with regard to the Resolution above referred to claim special attention.

The Hon. Mr. Peacock stated to the Council that the shipping trade was in the hands of a "great monopoly," which he termed a "shipping ring," at the head of which were the two great Mail "Companies." There is no "shipping ring" in the sense indicated. There is a Conference of the Ship-owners, who meet from time to time, just as there is a Conference of Merchants, and this is necessary, in view of the arrangements made with the South African Trade in London, that there should be Conferences between the Ship-owners and Merchants. The British Railway Companies find it necessary to have Conferences.

In regard to Natal, it is not the case, as was stated in the Council, that the rates of freight are the same to Natal as to East London; in reality both first and second class goods are carried at lower rates to East London than to

Natal. It is true that the rates to Algoa Bay are the same as to Capetown, but this arrangement has prevailed for the last fifteen or twenty years, and the simple question is whether it would be satisfactory to South African Merchants generally, or to Port Elizabeth merchants in particular, to increase upon a geographical basis the rate to Algoa Bay beyond the rates to Capetown, regard being had to the fact that Algoa Bay supplies a larger proportion of homeward shipments, as well as of outward cargo. It has also to be borne in mind that the Port charges at Capetown involve an extra expense to our Mail Steamers equal on an average to over 5s. per ton on every ton of cargo they carry to Capetown in comparison with what we pay on cargo carried to Port Elizabeth, at which latter port we are free from this heavy expense. The question of differential rates between port and port in the Colony is not altogether a question of relative distance and geographical position.

Mr. Peacock argued that although the Lines were not making a profit, this "was not the business of Merchants," it being, in his opinion, that if they could get the work done more cheaply by other Companies they (the Merchants) ought to go to the cheapest market. The Resolution of the Council, moved by Mr. Peacock, is to the effect that there is, however, "a monopoly of the entire shipping trade between this Colony and Europe," and that this monopoly is "mainly owing to the large subsidy paid to the two Mail Steamship Companies under the Postal Contract"; it is said also that the rates of freight are higher to South Africa than to other parts of the world. We deny, with all due respect, that the Mail subsidy has anything to do with a monopoly of the Shipping trade; and if rates, during the present opposition in the trade to Australia, are low in comparison with the rates now ruling to the Cape, we may reply that the ports of Australia offer homeward cargo to ships carrying cargo outwards, an advantage which does not, to anything like the same extent, attach to the homeward trade between Great Britain and South Africa. There is not sufficient homeward cargo in the course of the whole year to fill the Mail Steamers alone, excluding altogether from account the Intermediate Steamers of the Mail Companies. The great majority of the vessels loading outwards from this country are compelled to proceed to India, Australia or elsewhere for homeward freight, while the Mail Companies and the Natal Direct Lines, in order to keep up regular sailings have to return with whatever cargo they can obtain, sometimes (in our experience) at a loss of £2,000 to £3,000 upon a single voyage. We observe that it was stated last month in the Legislative Assembly that while every wool-producing district in Australia has taken measures to steadily increase its wool supply, the Cape Colony has been almost standing still, the increase of New South Wales alone comparing 1891 with 1886 being greater than the whole of the production of all South Africa. It may be noted that the Trade and Navigation Returns here for the six months ending June, 1894, show a falling off in the importation of wool from South Africa equal to a loss in freight homewards from the Cape and Natal of fully one-half of the whole South African Mail subsidies.

In reference to your own remarks to the Council, we submit, with respect, that goods are not carried to Delagoa Bay at cheaper rates than to Colonial Ports; and we cannot for a moment acknowledge that by the Mail Subsidy the Castle Company, as a Mail Company, "do an injury to the trade and commerce of the country."

We trust you may reconsider the suggestion that "the Government would have been in a better position to-day had something like a freight clause existed in the Mail Contract." This theory of making a Mail Contract apply to freight and passage money, as put forward at meetings of Chambers of Commerce, is no new idea. In 1876, when the Parliament of the Cape Colony, acknowledging the value of the Castle Company's services, offered us one-half of the Mail Contract, the Cape Government put forward Clause 33 of the proposed Contract, containing a condition intended stringently to carry out the suggestions referred to; but, as is well known, we refused to accept such a condition in the Mail Contract, with the result that the Premier of the Colony came to England and discussed the matter fully, and the proposed clause was expunged. In order to put on record at the present time what was then proposed and declined, and is now suggested in the public Press of the Colony, we think it well to attach to this letter a copy of the

proposed clause. If such conditions had been pressed upon us in connection with the present contract we could not have accepted them.

The communication from East London enclosed in your letter directs special attention to the supposed charging of lower rates to Delagoa Bay than to East London; but the very first statement is a serious error. It is said that in Delagoa Bay there is a landing charge of 10s. per ton, whereas the landing charge at that Port is 7s. 6d. per ton. The difference of 2s. 6d. per ton does away with the argument (based upon the assumed charge for landing) that the freight charged to Delagoa Bay is lower than to East London. There is consequently no foundation for the statement that we are responsible for what the Honorary Secretary of the East London Committee complains of as a great hardship, and the "East London Dispatch" declares to be a "cruelty," namely, "that the owners of Steamship Lines subsidised by the Treasury should be the means of fixing the freight to a more distant foreign port at an actually lower rate than that charged to a Colonial Port," for we offer no special inducement for the diversion of trade from the Colonial Railways to the Delagoa Bay or other Railways on foreign territory. The great difficulty in managing the steamers trading to South Africa may be traced to the fact that there are five rival ports, whose interests cannot be reconciled, just as there are several independent lines of steamers, which are in perpetual rivalry.

While it is the basis of the complaint from East London that lower rates are charged to a port beyond the boundaries of the Cape Colony than to ports in the Colony, this basis is departed from in argument, for the East London Committee endeavour to show that the Shipowners receive less to the more distant port—as if this were an advantage to Merchants, whereas it has nothing whatever to do with the argument as applied to the cost of freight to the Merchants concerned. Merchants not only pay more to Delagoa Bay than to East London, for every class of goods, but they pay more to Delagoa Bay for goods delivered by the vessels say of the Clan and Bucknall Lines than is paid by Merchants at East London for goods delivered by the Mail Companies. Then, again, the advocates for lower rates to East London take only the rates on fine goods to prove their case, contending that Merchants are deprived of the benefit of any portion of the landing charge, which in itself is an incorrect statement, and besides, they omit altogether to show that a great part of the goods landed at East London recently has been for account of the Netherlands Railway Company, and not taken at fine goods rates at all, and the 5s. landing charge, even if the shipowner save 5s., does not affect the interest of the Merchants.

The Mail Steamers need not be referred to, for they do not go as far as Delagoa Bay, and the rates for that port by all other steamers are to Merchants higher than to East London.

The recent reduction of 1s. 3d. to East London, which the Steam Lines considered it reasonable to allow, goes still further to put the argument of comparison of the rates to East London and Delagoa Bay on the other side. We do not find in recent Colonial statistics that the trade of East London suffers diminution; on the contrary, it was argued in the Legislative Council, that trade has been largely diverted to that port.

It is unnecessary to offer any observations upon the argument that ships entering the Harbour of East London at their own risk should be bound to take a lower rate than vessels discharging outside.

With regard to the general statement put forward in South Africa that Shipowners were not entitled to increase the rates of freight in February last, we have to say that the increase was based upon a definite agreement come to at a joint meeting of Merchants and Shipowners held in London; and that no such complaint has been advanced by the Merchants in London; they have objected only to the extent that the notice of the increase had not been given in time to be communicated to the various Chambers of Commerce in South Africa. The answer to these objections is set forth in the enclosed copy of our letter dated 24th April, 1891, addressed to the Chairman of the London Committee of Merchants, to which we respectfully invite your attention. The question of the raising of rates in the first and second class (without any increase whatever in the third and fourth classes, which the Shipowners, by

the Agreement with the Merchants, were fully entitled to make) must, however, be considered in connection with other matters which, by way of compromise, were settled with the Merchants at the time. The negotiations between the South African Merchants' Committee and the Steamship Owners took their start from the 27th October, 1892, at the first Joint Conference held, when it was proposed by the Merchants that there should be—

- (a) A revision of rates of freight.
- (b) A revision of rates for cement.
- (c) An improvement (not cancellation) of the rebate system. It was not proposed to do away with the rebate.
- (d) Protection afforded to the Merchants from outside operations in regard to freight or rebate.
- (e) That the Steam Lines should not take cargo on ship's account.
- (f) That certain of the Lines should, as well as the Mail Companies, sail on advertised dates.

And lastly (g) That sufficient tonnage should be provided in the height of the season for conveyance of produce from South Africa.

As the outcome of these discussions at the Joint Meetings, which were held between 27th October, 1892, and the Final Conference of Merchants and Shipowners held on the 9th March, 1893, the following was definitely agreed to :—

- (a) That the relative freight between all the ports should be maintained as at present, with the exception that the rates to East London and Natal on Class 3 be 7s. 6d. instead of 10s. over that to Capetown and Algoa Bay. The question of cranage at East London, the rates to Delagoa Bay, and the rates by the Mail Companies' Intermediate Steamers to stand adjourned.
- (b) That the protection in regard to freight and rebates desired by the South African Merchants should be accorded.
- (c) The terms of the Rebate Agreement with the Merchants were modified and approved.
- (d) The Shipowners gave the Merchants assurances with regard to shipments of cargo on ship's account.
- (e) It was agreed that regular sailing dates should be advertised and adhered to.
- (f) Finally, in regard to freight, the following resolution was adopted :—

"Important reasons having been adduced why it may be reasonable for the rates of freight to be increased, it is agreed that the Shipowners shall judge when such increase shall take place, it being understood that the rates of freight are not to be increased—

- (a) Until after reasonable notice has been given;
- (b) Beyond 5s. for First and Second Class; 3s. 9d. for Third Class; and 2s. 6d. for Fourth Class."

It was also agreed that the Resolutions were to be printed and circulated.

The Shipowners took it for granted that the Merchants generally had been informed of what had been arranged.

There were present at the Joint Conference of the 9th March, 1893, the representatives of the following Firms and Shipping Companies :—

Messrs. A. Barsdorff; Blaime, Sons & Co.; Davies and Soper; William Dunn & Co.; Dyer and Dyer; Hill and Paddon; Mosenthal, Sons & Co.; Peacock Bros. and Weir; Seawright, Bell & Co.; Wood and Parker; The Union Steamship Company, The Castle Mail Packets Company, The Clan Line, The British and Colonial Steam Navigation Company, The Natal Line of Steamers (Bullard, King & Co.), and the Aberdeen Line of Direct Steamers to Natal (John T. Rennie, Son, & Co.).

In the course of the discussions which took place it was shewn by the Shipowners that their vessels were not sailing to a profit, in fact, that none of the Lines was earning sufficient to pay interest on the capital employed, or to set aside sufficient for depreciation, without taking into account anything for personal management. It was not the Mail Companies alone who said so, the other Lines set forth their position as plainly; and the arguments for the increase were convincingly applied at the Joint Conference, when it was stated not only by the Mail Companies and the other Lines that they were doing an unprofitable business, but by one of the Cargo Lines that six voyages of their vessels showed heavy loss.

We would illustrate the unreasonableness of the criticisms directed against the Castle Company, by a statement which appears in a newspaper, purporting to be the opinion of a leading merchant from Port Elizabeth, to the following effect:—"There is no doubt there are too many vessels for the trade, and if the Companies would only face competition openly, they would probably run their steamers for a time without making any profit; but they would force some of the vessels off the trade, and they would be able to get the steamers remaining filled up at remunerative rates." Is this what the Merchants of the Colony desire? And which Line is to be run off? The gentleman quoted, adds: "The impression is that at present the two principal Steamship Companies are subsidising the two outside Lines to keep up the rates of freight." This "impression" is put forward, like many statements in the course of this controversy, without any justification whatever.

The public mind in South Africa is misled as to the question of Coal. It is said the price had not advanced at the date of the increase of rates in February last; but we have to state for your information that the Castle Company had to pay last winter an increase for the coal used on the Company's steamers equivalent to 2s. per ton on every ton of cargo carried by our Mail and Intermediate Steamers, while the actual increase of freight complained of is only 2s. 6d. on First Class goods and 1s. 3d. on Second Class, without anything additional charged on classes three and four; that is to say a total increase considerably under the extra cost which we have had to pay for coal.

The present agitation, if carried to a practical issue, simply means a serious injury to the Mail Lines, and the possible loss to the Colony of a Mail Service which is carried on, not only with admitted regularity and efficiency, but with a rapidity far beyond the speed which can be claimed under the Mail Contract. The Cape public may be surprised to know that our homeward steamers have not been half full this year, and that outwards fourteen of our vessels have each been short of cargo to the average extent of over one thousand tons.

To sum up, we have replied to the statements, many of them without foundation, which have been put before the public of South Africa; we have answered in detail the charge that there is a great monopoly and shipping "ring" directed by the Mail Companies to the injury of South Africa, that freights are lower to Natal and Delagoa Bay than to Cape Ports; that the rates of freight and passage money generally are higher than those ruling elsewhere; and we have illustrated the claim to insert a freight clause in the Mail Contract by a reference to the Contract of 1876; we have dealt with the question of freights based upon geographical position; and, lastly, we have explained fully the circumstances under which the rates of freight were raised in February last with the approval of the South African Merchants' Committee.

In conclusion, we beg leave to express the confident hope that the information we have supplied will satisfy your Government and the public that the Castle Company may fairly claim a more just appreciation of their services.

We remain, Sir,

Your obedient Servants,

(Signed) DONALD CURRIE & CO.

CLAUSE 33 of the Cape Mail Contract as proposed to the Castle Mail Packets Company, referred to in Messrs. Donald Currie & Co.'s letter of the 19th July, 1891, to the Honourable Sir J. Gordon Sprigg, K.C.M.G., M.L.A., The Treasury, Cape of Good Hope.

33. And whereas the said services hereinbefore mentioned have been divided between the Company and the Union Steamship Company for the purpose, and with the object of seeming competition between the said Companies, and such purpose and object will be frustrated if the Company amalgamates with the Union Steamship Company, or with any other person or Company who may at any time be performing the residue of the said services not performed by the Company, or any other part thereof, it is hereby further agreed by and between the said parties hereto, that if at any time during the continuance of this Agreement the Company shall without the consent in writing of the Governor of the Cape of Good Hope, amalgamate with the said Union Company, or with any other person or Company as aforesaid, or shall come to any understanding or Agreement direct or indirect with the said Company, or with any other person or Company as aforesaid, to charge the same fares for passengers or freight for goods whereby in any way competition may be prevented between the said Companies or persons, it shall be lawful for the Colonial Secretary of the said Colony, by writing under his hand, to determine this Agreement at any date to be fixed by him without any previous notice to the Company or their Agents; nor shall the Company be entitled to any compensation in respect of such determination. And in case the said Colonial Secretary shall have reason to believe that there is any such amalgamation, understanding, or agreement as aforesaid, it shall be lawful for him by writing under his hand stating that he has reason to believe as aforesaid, to demand from any such Company or person as aforesaid, whether there is any such amalgamation, understanding or agreement; and unless the said Company shall by writing under the hand of the Chairman of the Company, or of the Agents of the Company in the said Colony, or in case of a private person or persons, unless such person or persons shall, by writing, under his or their hands, or hands of the Agents of such person or persons in the said Colony within four calendar months after the service of the said demand at the office of the Agents of the said Company, or person or persons in Capetown declare that no such amalgamation, understanding, or agreement exists, the same shall for the purposes of this Agreement be taken to exist."

XIX.

SOUTH AND EAST AFRICAN FREIGHTS.

Copy of Letter addressed to the Press by the South African Steam Lines in regard to the remarks concerning "Oversea Freights" in the recent Report issued by the Secretary of the British South Africa Company, with special reference to Rhodesia.

Sir,

The British South Africa Company have recently issued a Report by their Secretary on the present condition of Rhodesia, from which extracts have appeared in your paper. This Report contains certain reflections upon the action of the Steamship Lines in connection with the trade of that country, and we beg you will allow us to point out certain incorrect statements which appear therein on the subject of "Oversea Freights."

The British South Africa (or Chartered) Company, in taking the credit of having induced competition in the Steamship carrying trade, have committed themselves to unfair and inaccurate statements. In dealing with the rates of freight for Beira, the Report states that, whereas the highest rate of the Conference Lines is 80s. and 10 per cent., the new opposition rate is 35s. In answer to this we have to say that we have never had such a rate as 80s. and 10 per cent., on ordinary first class cargo. For years our rates ruled from 35s. on low class goods to 60s. on high class or fine goods, the proportion of cargo carried at the higher rate always being very trifling. These rates have seldom varied except during a portion of the war period, when military operations had completely upset the normal conditions of the ports of South Africa. The Chartered Company know perfectly well that, whenever large quantities of cargo have been offering they have always found the Lines willing to quote them rates approximating to the current rates of the day for cargo steamers, and even during the past year, before the present opposition came on, we carried to Beira several thousand tons of their material at a freight of 22s. 6d. per ton, excluding the charge for lighterage.

The Report further states that the Conference Lines' highest rate to Capetown and Algoa Bay is 47s. 6d. and 10 per cent., as against 32s. 6d. by the opposition. There has never been a rate of 47s. 6d., except by the weekly Mail Steamers. The highest rate for fine goods by any of our Lines for the past ten years has not exceeded 45s. by the Intermediate Steamers of the Mail Company, and 42s. 6d. by all other Lines, with other rates ranging down to 22s. 6d. for Fourth Class goods, and even lower rates have ruled for special descriptions of rough cargo. The Chartered Company are fully aware that we had contracts with them at 39s. 6d. and 17s. per ton, and that we have carried large quantities of Railway material to Algoa Bay under these contracts between 1899 and 1901.

It will thus be seen what reliance can be placed on the Report which, in adopting the unfair method of selecting rates of freight, one (i.e., 80s.) being actually non-existent, while the other (i.e., 17s. 6d.) is the highest rate, and applies only to Mail Steamers, ignores altogether the lower rates of freight at which the bulk of the cargo is carried. In this connection it may also be observed that, even if the highest rates had been correctly quoted, they would only apply to a very small portion of the trade.

From the way the Chartered Company's Report refers to Beira, it might be inferred that the port possessed a large and flourishing trade. On the contrary, a more unremunerative trade up to the present time, from a Shipowner's point of view, can scarcely be imagined. For years some of the Lines have conducted a regular service to the port in the hope of an increased trade, and partly owing to the influence of the late Mr. Cecil Rhodes, who was always anxious that regular communication should be main-

tained with Beira. What has been the result? Unless Railway and other special materials have been going, which description of cargo was only occasionally available, the quantities of general goods obtainable for our steamers have been trifling, at times being less than 50 tons per steamer, on which occasions we need hardly say the freight earned was insufficient to cover even the cost of coal for extending the voyage from South African ports to Beira.

The Report goes on to say that *maintaining rates of freight at an unduly high level has been responsible to a great extent for the high cost of living in Rhodesia.* The following figures will show that this statement is so manifestly absurd as to scarcely require refutation. Take for illustration a few articles of daily consumption, say Soap, Candles, Hams, Condensed Milk, Whisky, and Beer. We are informed by one of the leading Merchants that by last advices the wholesale prices of these articles in Salisbury (the capital of Rhodesia) were:—

Soap	18s. 6d. per box.
Candles	9d. per lb.
Hams	1s. 6d. per lb.
Condensed Milk	9s. 6d. per dozen tins.
Whisky	70s. per dozen (and upwards).
Beer	26s. per dozen.

The Oversea Freight on these goods, calculated at the average rate ruling during the last five years, would be as follows:—

1s. per box on Soap.
2-5d. per lb. on Candles.
3-8d. per lb. on Hams.
5d. per dozen tins on Condensed Milk.
2s. 3d. per dozen on Whisky.
1s. 3d. per dozen on Beer.

The rates now ruling, induced by competition as claimed in the Report, can be demonstrated to be unremunerative when taken in conjunction with the limited quantities of cargo procurable for the port of Beira, but even assuming that the present rates are maintained, the following figures will show what a small bearing in cost the difference in freight, as cited, has upon the articles referred to:—

- On Soap (at 18s. 6d. per box) the difference is less than 1-16d. per lb.
- On Candles (at 9d. per lb.) the difference is less than 1-8d. per lb.
- On Hams (at 1s. 6d. per lb.) the difference is less than 1-16d. per lb.
- On Condensed Milk (at 9s. 6d. per dozen) the difference is less than 1-8d. per tin.
- On Whisky (at 70s. per dozen) the difference is less than 1d. per bottle.
- On Beer (at 26s. per dozen) the difference is less than 3-8d. per bottle.

We would point out that we have selected items on which the oversea freight bears a larger proportion to the cost than on many other articles of daily consumption, for if articles are dealt with, as, for instance, Clothing, Boots, Wearing Apparel, and such like, the oversea freight forms an infinitesimal proportion of the cost of the goods.

The present cost of Railway Carriage on the goods above enumerated by the Line of Railway from Beira to Salisbury which is controlled by the Chartered Company, is 12s. 9d. per 100lbs., i.e., over £14 per ton for a distance of about 375 miles, which when compared with the ocean freight as charged by the Conference Lines for carrying the goods a distance of some 8,000 miles will reveal the fact that the Railway charges for carrying the goods less than one-twentieth part of the distance would in many cases be more than six times the cost of the oversea freight.

Nor should it be overlooked that in many descriptions of goods the high scale of duties levied by the Chartered Company has also a very considerable bearing on the high cost of living in Rhodesia; in some instances the duties alone exceed the first cost of the goods. And yet, under the authority of the Company, the astounding statement is made that hitherto the South African Steamship Lines have been responsible to a great extent for the high cost of living in that country.

It is, to say the least, unfortunate that a Company of a representative character should allow itself to disseminate such incorrect and misleading statements so far as the Report deals with the subject of Oversea Freights; and we think that our efforts in opening up and maintaining steamer services, and in endeavouring to assist in the development of the port of Beira during the period of years when trade has been so insignificant and unremunerative, are entitled to greater consideration than seems to have been shewn by the Directors of this Company in sanctioning the Report which has been issued.

We are, Sir,

Your obedient Servants,

THE UNION-CASTLE MAIL STEAMSHIP COMPANY, LTD.,
Donald Currie & Co., Managers.

For the CLAN LINE STEAMERS, LIMITED,

Cayzer Irvine & Co., Managers.

For the BUCKNALL STEAMSHIP LINES, LIMITED,

Bucknall Brothers, Managers.

For the ELLERMAN-HARRISON LINE JOINT SERVICE,

W. Staveley Taylor.

NATAL DIRECT LINE,

Bullard King & Co.

ABERDEEN DIRECT LINE,

John T. Rennie, Son, & Co.

London, 14th February, 1903.

XX.

Copy of a Letter addressed to the Press by Mr. J. F. Jones, C.M.G., Secretary of the British South Africa Company, in reply to the Letter which the South African Conference Lines addressed to the Press on the 14th February, 1903.

Sir.

I have obtained the permission of the directors of the British South Africa Company to reply to the circular letter issued by the South African Shipping Conference in which exception is taken to some of the statements on the subject of shipping freights contained in my Report on Rhodesia which was recently issued.

The Conference assert that they have never had a rate of £4 and 10 per cent. on first class cargo to Beira. This may be so, but I have personal knowledge that as much as £7 18s. 4d. a ton has been charged by them for benzine, paraffin, chloroform and spirits of wine; £4 5s. 10d. for bridgework; £5 4s. 6d., £5 15s. and £7 0s. 3d. for rolling stock, while a nett figure of £3 19s. 2d. has frequently been charged for general stores. They complain that in quoting their highest rates, I have ignored the lower rates, at which they claim that the bulk of the cargo was carried, but in looking through the freight account of the Mashonaland Railway Company for a year prior to the commencement of the competing services to Beira, I find that practically the whole of the shipments were carried at the higher rates, and that the average price paid was £3 5s. 8d. per ton. On enquiry amongst other companies and merchants I find that their experience has been similar.

The Conference lines attempt to excuse the high rates obtaining in 1902, by saying that military operations completely upset the normal conditions of the South African ports. That great congestion prevailed at Cape ports is well known, but I am not aware that the normal conditions at Beira were in any way upset during 1902, and yet, owing to the policy of the Ring, all Lines, whether running direct to Beira or not, were forced to raise their rates by as much as 20 per cent.

The real question to be considered is not what rates the Conference lines thought it proper to charge to Beira, but whether other lines were prepared to carry at lower rates, and whether the Conference Lines have not been doing everything in their power to prevent a free and open market in freights.

How can the steamship companies, forming as they do a "Ring," claim to have assisted in the development of the port of Beira and consequently indirectly in that of Rhodesia, when the very aim of their organisation is to prevent a free and open freight market and to keep the carrying trade in the hands of those companies pledged to maintain freight charges at high rates fixed by themselves?

Is not the claim negatived by the use of the "deferred rebate system" and by the threat to inflict double rates upon shippers who may send their goods by those lines which offer to carry them on fair and reasonable terms? It is not the Conference Lines that have built up the trade of South Africa, but the Colonial Governments and settlers who developed the country and whose requirements would naturally create a service adequate to their needs.

The Conference Lines make much of the fact that in recent years they have carried for the British South Africa Company at reasonable rates, but if they will turn again to my Report they will see that the specific allegations refer particularly to the rates charged to the general public. The British India and the Houston Lines carry the British South Africa Company's material at reasonable rates, while at the same time they undertake to extend fair and reasonable rates to the general public as well.

In comparing the railway rates with the oversea freights the Ring imply that the Beira and Mashonaland railways are making undue profits and are charging excessive rates. It may therefore be as well to state the facts on these points. Before the construction of the railway, the cost of transporting goods from Beira to Salisbury amounted to about £120 per ton as against a present rate of about £14 a ton, from which it will be seen that a very considerable reduction in the cost of living has been effected; but even these rates, for the reasons set out in my report, do not at present enable the railway company to earn sufficient profit to meet their debenture interest. The people of Rhodesia have further been promised that as soon as the expenditure of the railway is balanced by the revenue, the rates will at once be reduced.

I stated in my report that the Conference rates tended to keep the cost of administration, the cost of living and the cost of developing the industrial resources of Rhodesia at an unduly high level, and I see no reason to withdraw this. As one instance in support of this contention, it may be interesting to note that the Mashonaland Railway Company by shipping coal independently of the Conference Lines is saving at the rate of about £12,000 a year, which, together with the saving effected on the shipment of general railway stores, makes a total saving of about £20,000 a year. From this it will be seen that it is the oversea freight, and not the railway rates as the Conference Lines allege, that is responsible for the high cost of living in Rhodesia.

With regard to the further suggestion that the "Customs" duties levied by the Chartered Company have a very considerable bearing on the high cost of living in Rhodesia," it will, I think, be sufficient to say that with the exception of liquor all the articles of daily consumption mentioned by the Ring in their letter, and practically every necessary of life - a list much too long to enumerate here - are admitted into Rhodesia duty free, and that the only articles which pay duties in excess of their first cost are certain kinds of tobacco and spirits.

The interests of the British South Africa Company and of the people of Rhodesia are identical, and consequently the people have a guarantee that a broad-minded policy will be pursued. It is as vital to the British South Africa Company as to the public that nothing in the way of railway rates or Customs' duties shall be imposed which will retard the development of the country, and it is precisely for that reason that such strenuous efforts have been made to secure reasonable oversea freights.

If the Imperial Government and the Governments of South Africa would place their freight contracts only with shipping companies willing to give fair rates to the general public, we should then have a free and open market in freights to South Africa. Shippers would be free to employ any line, feeling assured that the competing lines were permanently established and that there would be no risk of their being charged later with the double rates now threatened if they desert the Ring. It must, moreover, be remembered that if large quantities of Government cargo were given to opposition lines it would enable them to give a more frequent and direct service to the general public.

The statements of Mr. Gerald Balfour at Leeds and of Lord Onslow at Edinburgh have doubtless caused the Conference lines some anxiety, since they realise better than the public what would be the effect of the suggested action on the part of the Governments. The monopoly they have created would be destroyed and the Ring would be broken.

While the question of fair freights is of the greatest importance to the Colonies, it is in my opinion of equal if not greater importance to British manufacturers, who are to-day unable to tender on equal terms with foreign manufacturers. It is a fact that whilst goods from all countries pay the same railway rates after arrival in South Africa, the British manufacturer has to pay much higher oversea freights than the foreigner to place his goods at a South African port.

The Conference lines should bear in mind that this is not a difference of opinion between themselves and the British South Africa Company alone, but also with His Majesty's Government, the Colonial Governments, the manufacturers and shippers of this country, the Press, the Chambers of Commerce both in this country and in South Africa, and the whole body of South African Colonists. The Conference attack upon the British South Africa Company merely attempts to divert attention from oversea freights to railway rates, and to confine the question generally within the narrow and shallow limits contained in their recent circular letter.

The result of the controversy now raging will have far-reaching effects, not only upon the future prosperity of the whole of the South African Colonies, but also upon the entire British commercial community whose interests lie there.

I am, Sir,
Your Obedient Servant,
J. F. JONES.

15, St. Swithin's Lane,
London, E.C.,
25th February, 1903.

XXI.

LETTER FROM THE SOUTH AFRICAN CONFERENCE LINES TO THE
PRESIDENT AND DIRECTORS OF THE BRITISH SOUTH
AFRICA COMPANY.

London, 11th March 1903.

Gentlemen,

With reference to the letter from the Secretary of your Company which appeared in the Press on the 27th ultimo, we have been legally advised that we are precluded from entering on any public discussion of general questions relative to South African freights, in view of the fact that an action is pending against us at the suit of Messrs. R. P. Houston & Co., and we, therefore, address you directly at this time in order to controvert the very misleading statements contained in the letter above referred to, such as quoting special rates which were charged for dangerous articles, in attempting to refute our statement that we have never had any rate of 80s. per ton to Beira for *ordinary* first-class cargo.

That anyone claiming to be conversant with shipping matters should seek to mislead the public by quoting rates charged for Benzine, Paraffin and similar inflammable and dangerous articles, as if these goods were ordinary cargo, in order apparently to justify by such means his assertion that the cost of living in South Africa is increased by high rates of oversea freight, is only one instance of the character of the statements referred to. The conveyance of such articles by vessels carrying His Majesty's Mails is expressly prohibited; they are refused altogether by many steamers, especially passenger vessels, and, when taken, are only carried under special restrictive regulations.

Again, to quote, as if for ordinary cargo, rates which are applicable to Bridgework, Locomotives, Boilers, etc., all of exceptional weight and measurement, entailing great cost and risk in loading and discharging—is wholly fallacious.

It is further stated by your Secretary that the "Mashonaland Railway Company by shipping coal independently of the Conference Lines, is saving £12,000 a year which together with the saving effected on the shipment of "general railway stores, makes a total saving of about £20,000 a year." In reply we would state that large shipments of general railway stores are always dealt with by special bargain, and that the Conference Lines do not include Coal in their tariff; indeed the only coal carried by the Conference Lines for the Mashonaland Railway Company for the past few years has consisted of two or three small lots taken by the regular steamers for the convenience of the British South Africa Company, at a time when coal was difficult to procure and when freights in the open market were very much higher than they have been of late. We, therefore, submit that the statement quoted above, as to the alleged saving by shipping coal independently of the Conference Lines, is incapable of proof, and we deny the force of the implied comparison.

In our previous letter, addressed to the Press on the 14th ultimo, we pointed out the bearing of the rates of freight relatively to the selling price of some of the principal articles of consumption. In his letter your Secretary states that we imply the Railway Company in Rhodesia are making undue profits. We do nothing of the kind. We offer no opinion as to the necessity of maintaining the present railway rates. Our point is that, while the Railway Company imposes such heavy charges for the conveyance of goods by land that the carriage for one-twentieth part of the distance exceeds in many cases six times the cost of the ocean freight, it is exceedingly unfair for the Secretary of your Company to affirm, as he still does in his letter, that the Steam Lines are "responsible for the high cost of living in Rhodesia."

A further misleading statement in the letter under review is that, "whilst goods from all countries pay the same railway rates after arrival in South Africa, the British Manufacturer has to pay much higher oversea freights than the foreigner to place his goods at a South African port." So

far as we are concerned, we meet this statement with an absolute denial as regards the United Kingdom and European Ports, where the freight rates are identical. On the other hand, we have repeatedly stated publicly, and the recent Steamship Subsidies Committee have explained in their Report, the conditions under which the through traffic arrangements of the German State Railways, in certain cases give some advantage to German exporters from the interior. We need scarcely point out, however, that this state of things is at least as detrimental to the interests of British Ship-owners as it can be to those of British Manufacturers and Traders. If, however, your Secretary's Statement as to rates is intended to apply to the trade from New York to South Africa, where the temporary ruinous rates now in force are due to the freight war in existence at that port, we have to say that the responsibility for the present situation cannot be laid at the door of the Conference Lines, who, prior to the opposition, maintained a tariff of rates from New York not lower on competitive goods than the rates from this country. These fighting rates are the direct result of the opposition to which Messrs. R. P. Houston & Co. are parties, and in connection with which their New York Agent issued the circular so pointedly referred to by Lord Onslow in the House of Lords on Monday, the 2nd instant, and it is obviously unfair on the part of the Secretary of your Company to endeavour to influence public opinion against the Conference Lines only, while he knows that Messrs. Houston, to whom he so flatteringly alludes, also charge much lower rates from the United States than from this country to South and East Africa.

In view of the circumstances under which we have refrained from replying through the Press now to your Secretary's letter of the 25th February, we beg to reserve our right to publish this letter whenever we can with propriety do so.

We are, Gentlemen,

Your obedient Servants,

UNION-CASTLE MAIL STEAMSHIP COMPANY, LIMITED,
Donald Currie & Co., Managers.

For the CLAX LINE STEAMERS, LIMITED,

Cayzer Irvine & Co., Managers.

For the BUCKNALL STEAMSHIP LINES, LIMITED,

Bucknall Brothers, Managers.

For the ELLERMAN HARRISON LINE JOINT SERVICES,

W. Staveley Taylor.

NATAL DIRECT LINE,

Bullard King & Co.

ABERDEEN DIRECT LINE,

John T. Rennie, Son & Co.

XXII.

LETTER FROM SIR DONALD CURRIE, K.C.M.G., TO MR. CHAMBERLAIN.

(Copy of Letter).

S.Y. "Iolaire,"

Brindisi, Italy,

19th March, 1903.

Dear Mr. Chamberlain,

In view of the action taken by Members of the Government in making public at Leeds and Edinburgh their views, and certain intentions of the Government, in regard to the South African Steam Trade, I found it necessary to telegraph to our Agent at Capetown to wait upon you and to ask you to be good enough to hear what we had to say, as largely interested in the South African Steam Trade for so many years past, before taking any action at Capetown.

I pointed out in my telegram that Mr. Gerald Balfour and Lord Onslow had made their declarations of Government policy based upon representations made to them by our opponents, without giving us any opportunity whatever to reply, and without asking for any explanations or information which we might be able to give as to our mode of conducting our South African business.

The declarations made were hostile to all the steam lines engaged in the South African trade, but they were specially directed against our Mail Company, and with a reference to myself personally.

I was happy to hear in reply from our Capetown Agent that you had said, as I expected, you would not pronounce any judgment in the matter until you had returned to England. I was gratified also to observe in the London newspapers sent to me, that you had informed the South African Chambers of Commerce that their representations in regard to the question would not be dealt with before your arrival in London.

I beg leave to enclose for your information, copy of a letter which I wrote to Sir Albert Hime, under date 25th August, 1902, in which I dealt with specific points pressed on his attention by certain parties in Natal, and in regard to which he desired information. Mr. Gerald Balfour, in his speech to the Chamber of Commerce at Leeds, stated that this letter did not cover all the questions which had been opened up by the Leeds Chamber. I may as well say in reply that it was impossible that it could do so, seeing that letter was written eighteen months before the Leeds Chamber of Commerce had entered into the freight controversy.

I was somewhat surprised at the action of the Board of Trade; for under your administration of that Department, and under that of Mr. Ritchie, there was a very considerable improvement in respect of legislative action directed against shipowners as a body for many years previously; as, for example, at the time of the Plimsoll agitation, which went the length of seeking to render shipowners liable to be sent to prison for a term of years, if they could not prove that they had sent their vessels to sea in a seaworthy condition! This proposed legislation I had a good deal to do with, and it ended in the reversal by the House of Lords of the proposals of the Government of the day. But the legislation suggested by Mr. Gerald Balfour is the first instance I have ever known of Government legislative action apparently directed against a body of shipowners in one trade, and not in the national interest, but to the advantage of one or two rival shipowners, and of merchants, manufacturers, and shippers of goods. I am content to wait to see how it can be possible that you can favour such a policy.

I also enclose a copy of the Mail Company's correspondence with the Chambers of Commerce of Liverpool and of Leeds, which speaks for itself. I may as well enclose also a copy of correspondence which appeared in the public Press in consequence of an attack by the Secretary of the British South Africa Company upon the Steamship Owners engaged in the trade with South and East Africa, in the interest of opposition steamers.

I have not personally entered into the controversy with the British South Africa Company, and I regret that any such controversy has been provoked; for it was the policy of the late Mr. Rhodes, with whom I had the most friendly business relations, to co-operate with the Steamship Owners engaged in the South African trade, and not to seek to injure them. In furthering the interests of the British South Africa Company under his control, it was by an arrangement which I made with him that we established at the landing and shipping facilities which now exist, and have existed for some time past at Beira. The boating facilities were of a very limited character, and to aid in developing the port, I met Mr. Rhodes's wishes by purchasing the whole of the plant of the only Boating Company in existence at that time, and in which he was interested with the British South Africa Company, with the promise and assurance from Mr. Rhodes that he would give us the support of the British South Africa Company, both at sea and in the port of Beira.

One would suppose, from the letter of Mr. Jones, the Secretary of the British South Africa Company, published in "The Times," that the rates now charged by Messrs. Houston, and by the British India Company, in opposition to the Steam Lines, are something unusual and extraordinary; but it will be within the recollection of the Directors of the British South African Company that we had freight engagements with them and their Railway Contractors, from time to time at very low freights, and always by agreement. On one occasion when Mr. Rhodes was offered a low rate of freight by certain parties wishing to oppose us he arranged a contract with myself for many thousands of tons of railway material at rates to Algoa Bay and Beira which, if I remember correctly, were somewhere about 17s. 6d. to 19s. 6d. per ton for Algoa Bay and 22s. 6d. per ton for Beira.

If it is borne in mind that our Steamers proceeding to Beira—a distance of about 8,000 miles—have to return via the Cape with very little, if any, homeward cargo, and have to purchase coal at 40s., 45s., and 50s. per ton in the Cape Colony, it will be seen whether inordinate profits can be made in carrying cargo at, say, 20s. per ton. The steamers do better in carrying coal outwards for their round voyages.

This brings me to the question of rates of freight. Certain Chambers of Commerce have argued that our rates of freight are excessive; that we are not entitled to protect ourselves as we have done against opposition; and that the Imperial Government and the Colonial Governments should take hostile action against us, and make such terms for their shipments of railway material, stores, etc., as will secure, not so much public advantage in low rates for the conveyance of Government freight, but low and reduced rates for merchants as well—that is to say, that the Governments at Home and in the Colonies should interfere on behalf of Merchants and Manufacturers against shipowners, and this in a very special manner in the Cape trade by putting pressure upon the Steam Lines engaged in that trade to carry freight at such rates as may please those who export and import such cargo. This is entirely a new departure.

Now in so far as concerns the Mail Service, I may point out to you that the right of the Government to interfere with us in respect of rates of freight and of passage money, was settled twenty-six years ago, in so far as the Cape Colony is concerned, by my refusal to allow into the Contract of the year 1876, the clause which certain Chambers of Commerce in South Africa induced the Government of Sir John Molteno, as Premier, to ask for, as shewn in my letter Sir Albert Hime. Since 1876 the Union Company and the Castle Company have carried the Mails alternately by a weekly service under Contracts renewed from time to time, and when the present Contract was negotiated some three or four years ago, we declined to accept its terms until there had been included in the Contract the guarantee to the Union Company and to the Castle Company of the conveyance on specified reasonable terms of all the emigrants the Cape Government might wish to take, while as regards the conveyance of Colonial Government shipments of stores, railway material, etc., we had the definite assurance that the Company

would be fairly dealt with, and not injured, by the Cape Government during the currency of the Contract by any encouragement to opposition in any way unfairly to prejudice the Contractors in carrying out their Mail Contract.

The Mail Steamers and all the Intermediate and extra steamers which the Mail Company despatches, numbering 200 to 250 sailings in the year, are compelled to return to England direct whether they have homeward cargo or not. In this connection I may say that the export from the Cape of what I may term its only article of export, namely, wool, has shown no expansion for a great many years past, and in the last three years Colonial exports have been very largely reduced. It must be plain that the tonnage supplied to the trade, now being ten, or I may say twenty, times as much as it was some years ago, the exports of South Africa are of practically no value to the Shipping employed. There is no other trade in the world in this position; for while freights may be said to be low outward to India, Australia, America, or elsewhere, there is always paying cargo to be obtained homewards.

Setting aside, however, all questions of academical estimates or views of Chambers of Commerce, and the natural desire on the part of Exporters and Importers to have as low rates of freight as possible, I put it to you whether these pay the Shipowner or not? What possible difference can it make to the consumer in South Africa if the freight rates are forced down all round? Is the reduction to last? Has it ever been known, is it likely to be the case in South Africa now, that a fall in rates has induced, or will induce, on the part of the wholesale or the retail importers a reduction in the prices which they charge to their customers? And what would be the trifling allowance to the customer, and how could this apply if ocean rates for the time were brought down 5s., or even 10s., per ton? I am dealing with berth goods, not with railway material or dead weight, or coal.

But are the rates too high in the South African trade, with its inability to supply homeward cargo? Let us see. In 1892 I called a public meeting in London of Merchants and others interested in South Africa—the meeting elected me to the Chair—I proposed, and it was carried unanimously, to appoint a Committee of South African Merchants, who should meet the Mail Companies and the Steam Lines from time to time to settle rates of freight; sailings of steamers; the adequate supply of tonnage; conditions as to cargo carried; the terms and conditions of the so-called rebate system; and what course should be followed in the event of opposition, etc. This South African Merchants' Committee was there and then nominated and appointed by the Meeting, and it has continued in existence until now, Mr. Garland Soper being the Chairman.

One of the first proposals of this Committee when they met the ship-owners in conference was that freights should be reduced. This was natural! But when the matter was fully and jointly enquired into, and discussed, it was mutually and fully agreed, that instead of reducing rates, it was reasonable and right the Mail Companies and other Lines should increase their rates, but not beyond 5s. per ton. Some time after we raised rates, but only to half this extent; and I beg you will note that we have since made no increase, notwithstanding—

- (a) The heavy loss sustained through delays at the Cape ports, entailing a loss of time from 30 to 100 days in discharging, and in consequence a loss in some cases of £3,000 to £4,000 per voyage;
- (b) The enormous increase some time ago in the price of coal;
- (c) The serious disadvantage we were under during the war of having our cargo steamers and coaling vessels hindered in discharge in Cape ports, and in Natal, through the necessity the Government were under to give precedence in despatch to their Transports.

I do not, however, suggest that while the Merchants' Committee, representing the whole trade, have been, as far as can be expected, satisfied with rates, there were not individual merchants, whom I could name, who have

been free, from time to time, very desirous to secure for themselves special advantages in rates and the consignment of ships, and who, failing this, have sought to encourage opposition. I could supply some singular instances.

It is hardly to be wondered at that in these circumstances, and at the end of a war which raised expectations of a greatly increased trade with South Africa, shipowners were induced by promises of support to place their vessels in the trade to the Cape and Natal. Messrs. Houston wrote in 1901 to each of the Steam Lines, asking to be admitted into their Conference, proposing to join the Steam Lines in their sailings and arrangements. No reply was sent to this proposal, but a copy of Messrs. Houston's letter was forwarded to the South African Merchants' Committee for their information. Did that Committee support that application, or propose up to this day they should be invited to join the other Lines engaged in this trade? I never heard of any such proposal.

Unfortunately the opposition of the Houston Line, which subsequently secured some coal and railway contracts, has resulted in serious embarrassment and loss to merchants, as well as to shipowners, with the result of much irritation and disturbance to all concerned in the trade.

I think it must be admitted that in dealing with the question of rates of freight it is only fair to acknowledge that due regard has to be allowed by shippers of goods, not merely to the character of the steamers employed in the South African Trade, their speed, and their regularity of sailing, but to the important fact that they supply regular sailings at fixed dates, and are despatched to their destination full or not full.

The tramp steamer can certainly be employed to advantage for the conveyance of coal, railway material, and such like, and many of these we ourselves charter and employ for heavy cargo shipments, for which regularity of sailing and considerable speed are not of importance; but for the regular trade of South Africa, merchants require, and must have, vessels of high class on which they can depend in regard to their sailings, the care of cargo, and its early delivery.

In addition to the charge that South African freight rates are excessive it is said that we exact through the so-called rebate system support from Merchants who have goods to ship. In reply, I say it is a matter of compact and understanding. The Merchants' Committee agreed in 1892, and since, with the Steam Lines, the conditions on which the Lines should pay the rebate commission for the support accorded; individual merchants are free to take or refuse the commission. This so-called rebate system prevails in every ocean steam trade, and while providing the necessary support which steamers (to be regularly employed) really require, it secures under suitable arrangements with the merchants regularity of rates, as well as the supply of sufficient steam tonnage, and other advantages to the trade. I have fully discussed in my letter to Sir A. Hime this rebate question.

A third charge against the Mail Company and the Lines is that we favour foreign shipowners and manufacturers. This is a charge which has absolutely no foundation. It is used in the public Press, and at meetings of Chambers of Commerce, to prejudice public opinion against us as British shipowners. I have repeatedly demonstrated the animus and the untruthfulness of the accusation, and I challenge any contradiction. We have, on the contrary, upheld and developed the Continental trade with South Africa under our Flag, and if foreign steamers have advantages to the detriment of manufacturers in Great Britain, we can have no difficulty in showing that we have had but little assistance from our Government, as, for example, in the Merchandise Marks Act, which destroyed our transhipment trade, and in the allowance to the prejudice of the British Flag, which German steamers enjoy under the German State Railways system, whereby goods from the interior of Germany for South Africa are allowed a large reduction if sent from Continental ports by German ships. In regard to this we urged, without success, upon the Imperial Government to secure fair consideration to us, and to British manufacturers, in this matter of railway preference and advantages accorded to German steamers by the Government of Berlin; and we have had the support of the South African Merchants' Committee. Nothing, however, has been done.

It is a favourite effort with some of the Chambers of Commerce here and at the Cape to charge our Mail Company with being a monopoly. It is rather interesting for me to observe that it was the Cape Government which in putting this Mail Contract up to public tender three or four years ago, insisted upon, and created this so-called monopoly. The South African Chambers of Commerce had pressed the Cape Government with one voice to teach the Union and Castle Companies a lesson by inviting public tenders, and if possible, to set them aside in this Contract matter, notwithstanding their long services.

The Government of the Cape, in yielding to this pressure, advertised for tenders throughout Great Britain and South Africa. Up to that time, since 1876, the Contract had been divided between the Castle Company and the Union Company. The service asked for was a weekly service, thus putting the two Companies in competition, with the evident intention that no one should have the monopoly to the disadvantage of the other. I am quite satisfied that the Government should adopt this or any other course best suited in their judgment to advance the prosperity of the Colony. But was the Colony's interest served by the course adopted by the Cape Government at the instance of the Chambers of Commerce? No offers of a practical kind were made to the Government, and finally the Mail Contract was taken for ten years to come by the two Companies named. The whole service was thus placed as a monopoly, and naturally so, in the hands of two Companies; and they very properly agreed to unite their interests, and they are now known as the Union-Castle Mail Steamship Company.

The public in the Cape are not quite satisfied with this amalgamation or combination of interests, and the less so because we have been compelled to alter and remodel our rates of passage money, having by investment of capital largely increased the number of steamers, and, to a great extent, also their speed, in order to sufficiently supply the trade to the Cape and Natal.

In connection with the Mail Service, I may illustrate how the Government of the Cape recognised, in connection with the Cape Mail Contract, the propriety of granting to the Mail Lines the control of their shipments.

Some years ago Sir Gordon Sprigg visited England to reorganise the Cape Public Debt, and he arranged with me in consideration of a reduction of the subsidy to the two Mail Companies of 30,000 a year, equivalent to the interest on the issue of a million of capital at 3 per cent., by the Cape, the Cape Government guaranteed for several years to the Union and Castle Companies the whole of their shipments under a large agreed-upon discount. Since that period the Cape Government has kept under the control of the Agent-General the disposal of their shipments, and these are contracted for from time to time at rates to the satisfaction of the Government Agents.

At the interview which the Steam Lines had with Lord Onslow at the Colonial Office, it was urged on behalf of the Government that all their shipments for the next twelve months should be carried at a very low rate by the Steam Lines, and not only so, but it has been officially suggested that the Steam Lines should come under an obligation to make a material reduction in their ordinary rates of freight to merchants shipping goods to South Africa.

I submit, very respectfully, that it is not the province of the Government to interfere between merchants and shipowners, and to compel shipowners to charge specific rates to merchants who are to be free to charge what prices they please to their clients. The South African trade is quite open; the limits simply being the enterprise, capacity, and power of those who may seek to engage in it, and I am convinced that South Africa cannot gain by any Government interference hostile to the Company now under Contract with the Government for the conveyance of the Mails, or with other steamship owners who have large interests in the steamship trade between Great Britain, the Continent, America, and South Africa.

If the Government have anything to ask to be explained by the shipowners engaged in this trade, an explanation and full information should be requested from them, and I feel entitled to submit that if the Government

had large shipments of stores, railway or other material, the proper course is either to put these goods up to public tender, or to make satisfactory and advantageous arrangements in the interests of the Government with the shipowners, who regularly supply the trade.

I ask with some concern what advantage it can be to the Merchantile Marine of our country, or to the Government, or to the population of South Africa, if through Government interference we, and the other shipowners who have invested very largely in steamships, are to be discouraged and disheartened, and injured by official support, and encouragement extended to a rival line or rival lines? Where will be the success of interference if there should happen to be extended to a rival line or rival lines a welcome on the part of those with whom they seek to participate in steam trade advantages or risks? It may be said that the rates of freight have been largely reduced through opposition. This is so, and it must always be the case when opposition occurs; but in my experience a period of opposition has either ended in the success of those who have protected their interests, or in arrangements which nullify the advantages claimed by those who encourage opposition.

I heartily sympathise with you in your admirable efforts to promote the national, as well as the political prosperity of South Africa, and I rejoice to know you have returned to England after having accomplished a great work; but I appeal to you to take into your careful consideration the proposals which have been urged upon the Government, and which appear to have received considerable encouragement.

It is most necessary both for the present and the future development of South Africa that there should be maintained regular, speedy and efficient means of ocean transit, with a cost of conveyance not pressing unduly on the population, but it is one thing to seek for this by well considered arrangements and enterprise, and quite another thing to have it urged forward for personal advantage in the name of the public interest.

I remain,

Dear Mr. Chamberlain,

Yours very truly,

(Signed)

DONALD CURRIE.

The Right Hon. Joseph Chamberlain, M.P., etc.,

The Colonial Office, London.

19th March, 1903.

XXIII.

“ELKINS” ANTI-REBATE ACT, 1903.

(U.S.A.)

(Public—No. 103).

An Act to further Regulate Commerce with Foreign Nations and among the States.

Be it enacted by the Senate and House of Representatives of the United States of America, in Congress assembled, that anything done, or omitted to be done, by a Corporation common carrier, subject to the Act to regulate commerce, and the Acts amendatory thereof which if done or omitted to be done by any director or officer thereof, or any receiver, trustee, lessee, agent, or person, acting for or employed by such Corporation, would constitute a misdemeanour under said Acts, or under this Act shall also be held to be a misdemeanour committed by such Corporation, and upon conviction thereof it shall be subject to like penalties as are prescribed in said Acts or by this Act with reference to such persons, except as such penalties as are herein changed. The wilful failure upon the part of any carrier subject to said Acts to file and publish the tariffs or rates and charges as required by said Acts, or strictly to observe such tariffs until changed according to law, shall be a misdemeanour, and upon conviction thereof, the Corporation offending shall be subject to a fine not less than one thousand dollars, nor more than twenty thousand dollars, for each offence; and it shall be unlawful for any person, persons, or Corporation, to offer, grant, or give, or to solicit, accept, or receive any rebate, concession, or discrimination in respect of the transportation of any property in interstate or foreign commerce by any common carrier, subject to said Act to regulate commerce and the Acts amendatory thereto, whereby any such property shall by any device whatever be transported at a less rate than that named in the tariffs published and filed by such carrier, as is required by said Act to regulate commerce, and the Acts amendatory thereto, or whereby any other advantage is given, or discrimination is practised. Every person or Corporation who shall grant, offer, or give, or solicit, accept or receive any such rebates, concession, or discrimination, shall be deemed guilty of a misdemeanour, and on conviction thereof shall be punished by a fine of not less than one thousand dollars, nor more than twenty thousand dollars. In all convictions occurring after the passage of this Act for offences under said Acts to regulate commerce, whether committed before or after the passage of this Act, or for offences under this section, no penalty shall be imposed on the convicted party other than the fine prescribed by Law, imprisonment wherever now prescribed as part of the penalty being hereby abolished. Every violation of this section shall be prosecuted in any Court of the United States having jurisdiction of crimes within the district in which such violation was committed, or through which the transportation may have been conducted; and whenever the offence is begun in one jurisdiction and completed in another it may be dealt with, inquired of, determined, and punished in either jurisdiction in the same manner as if the offence had been actually or wholly committed therein.

In construing and enforcing the provisions of this section, the act, omission, or failure, of any officer, agent, or other person acting for, or employed by any common carrier acting within the scope of his employment shall in every case be also deemed to be the act, omission, or failure of such carrier, as well as that of the person. Whenever any carrier files with the Interstate Commerce Commission, or publishes a particular rate under the provisions of the Act to regulate commerce, or Acts amendatory thereto, or par-

ticipates in any rates so filed or published, that rate as against such carrier, his officers, or agents in any prosecution begun under this Act, shall be conclusively deemed to be the legal rate, and any departure from such rate, or any offer to depart therefrom, shall be deemed to be an offence under this section of this Act.

Section 2. That in any proceeding for the enforcement of the provisions of the statutes relating to interstate commerce, whether such proceedings be instituted before the Interstate Commerce Commission, or be begun originally in any Circuit Court of the United States, it shall be lawful to include as parties, in addition to the carrier, all persons interested in or affected by the rate, regulation, or practice under consideration, and enquiries, investigations, orders, and decrees may be made with reference to and against such additional parties in the same manner, to the same extent, and subject to the same provisions as are or shall be authorised by law with respect to carriers.

Section 3. That whenever the Interstate Commerce Commission shall have reasonable ground for belief that any common carrier is engaged in the carriage of passengers or freight traffic between given points at less than the published rates on file, or is committing any discriminations forbidden by law, a petition may be presented alleging such facts to the Circuit Court of the United States sitting in equity having jurisdiction; and when the act complained of is alleged to have been committed, or has been committed in part in more than one judicial district or state, it may be dealt with, inquired of, tried, and determined in either such judicial district or state, whereupon it shall be the duty of the Court summarily to inquire into the circumstances, upon such notice, and in such manner as the Court shall direct, and without the formal pleadings and proceedings applicable to ordinary suits in equity, and to make such other persons or Corporations parties thereto, as the Court may deem necessary, and upon being satisfied of the truth of the allegations of the said petition, said Court shall enforce an observance of the published tariffs, or direct and require a discontinuance of such discriminations by proper orders, writs, and process, which said orders, writs, and process may be enforceable in as well against the parties interested in the tariff as against the carrier, subject to the right of appeal as now provided by law. It shall be the duty of the several district attorneys of the United States whenever the Attorney-General shall direct, either of his own motion, or upon the request of the Interstate Commerce Commission, to institute and prosecute such proceedings, and the proceedings provided for by this Act shall not preclude the bringing of suit for the recovery of damages by any party injured, or any other action provided by said Act approved February fourth eighteen hundred and eighty-seven, entitled an Act to regulate Commerce and the Acts amendatory thereof. And in proceedings under this Act and the Acts to regulate Commerce, the said Courts shall have the power to compel the attendance of witnesses, both upon the part of the carrier and the shipper who shall be required to answer on all subjects relating directly or indirectly to the matter in controversy, and to compel the production of all books and papers, both of the carrier and the shipper which relate directly or indirectly to such transactions, the claim that such testimony or evidence may tend to incriminate the person giving such evidence shall not excuse such persons from testifying, or such Corporation producing its books and papers, but no person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he may testify or produce evidence documentary or otherwise, in such proceeding; provided that the provisions of an Act entitled "An Act to expedite the hearing and determination of suits in equity pending or hereafter brought under the Act of July second, eighteen hundred and ninety, entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," "An Act to regulate commerce," approved February fourth, eighteen hundred and eighty-seven, or any other Acts having a like purpose that may be hereafter enacted, approved February eleventh, nineteen hundred and three, shall apply to any case prosecuted under the direction of the Attorney-General in the name of the Interstate Commerce Commission."

Section 4.—That all Acts and parts of Acts in conflict with the provisions of this Act are hereby repealed, but such repeal shall not affect causes now pending, nor rights which have already accrued, but such causes shall be prosecuted to a conclusion, and such rights enforced in a manner heretofore provided by law, and as modified by the provision of this Act.

Section 5.—That this Act shall take effect from its passage.

Approved 19th February, 1903.

Transvaal & Orange River Colonies.

100 120

TENDER

FOR THE

CONVEYANCE of CARGO to SOUTH AFRICA.

*With Form of Contract, Bill of Lading, and Bond
Annexed.*

100 120

Office of the Crown Agents for the Colonies - London, S.W.

12th NOVEMBER, 1903.

FREIGHT CONTRACT.

AN AGREEMENT made this day of , between the Crown Agents for the Colonies acting herein for and on behalf of the Government of the Transvaal and Orange River Colonies (hereinafter called "the shippers") of the one part, and (hereinafter called "the Contractors" of the other part.

NOTE. The cargo will consist largely of locomotives, other rolling stock, railway materials and stores.

1. The Contractors agree to convey for the Shippers from the United Kingdom to Capetown, Algoa Bay, East London, Durban, and Delagoa Bay, between the 1st January, 1904, and the 31st December, 1904, any cargo of any description which the Shippers may desire to tender to them for shipment to any of the above-named destinations. Provided that the Contractors shall not be required to convey any piece or package exceeding in dimensions 30 feet by 7 feet by 10 feet, or 40 feet by 10 feet 6 inches by 5 feet, or 60 feet by 10 feet by 4 feet 6 inches, or in weight 20 tons. Provided also that no cargo shall be carried on deck except (i) pieces or packages which exceed in dimensions 30 feet by 7 feet by 10 feet, or 40 feet by 10 feet 6 inches by 5 feet, and by reason of their dimensions cannot be passed down the steamer's hatches; and (ii.) cargo which by any regulations of the Board of Trade or the Port Authority must be carried on deck.

2. The Shippers shall be under no obligation to make all their shipments to the above-named destinations during the above-named period through the Contractors, but they undertake that the total quantity of cargo to be tendered by them to the Contractors as aforesaid shall not be less than Sixty thousand tons, and they shall have the option of increasing their shipments up to not more than One hundred and twenty thousand tons in all, and if from any cause whatsoever, they shall not have tendered as much as One hundred and twenty thousand tons before the 31st December, 1904, then they shall have the option of continuing this Contract until the maximum of one hundred and twenty thousand tons or such less quantity as they may desire to tender to the Contractors has been shipped. Provided that the Contractors shall not be required to convey any cargo which may be tendered after the 30th June, 1905, notwithstanding that the maximum of One hundred and twenty thousand tons may not then have been shipped.

3. All cargo shall be conveyed in approved British steamers of the highest class without any transhipment, except as permitted by Clauses 6 and 7.

4. The shipments shall be made as and when and (subject to Clauses 6 and 7), at such ports as the Shippers may from time to time require, and on their Shipping Agents, Messrs. J. and A. B. Freeland, 13, Great St. Helen's, London, E.C., giving the Contractors notice in writing that a steamer is required, and of the date on which she is required (being not less than twenty-one days from the receipt of such notice), and the nature and quantity of the cargo to be shipped, and the port of shipment, and the port of destination the Contractors shall, unless prevented by strikes, lock-outs, or labour disputes, on such date (time being essential) have a steamer at the port indicated ready in every respect to load the cargo. Provided that if any such steamer from any cause whatsoever be not ready in all respects to load at the time required, the Shippers shall have the option of rejecting such steamer, and of chartering or shipping by another steamer independently of the Contractors, and (unless the Contractors shall have been prevented by strikes, lock-outs, or labour disputes), any extra freight or expense caused thereby shall be repaid to them by the Contractors. But any cargo so shipped shall, for the purpose of calculating the total quantity to be conveyed under this Contract be deemed to have been conveyed by the Contractors.

5. Unless otherwise specially agreed in writing in any particular case or cases, no steamer shall, after loading any cargo of the Shippers at any port load cargo at more than one other port in the United Kingdom (exclusive of any port or ports at which she may ship Rails under Clause 7, or cargo under (iv) of Clause 6), whether any cargo of the Shippers be loaded at such second port or not, and every steamer shall load at all her ports with proper despatch, and shall thereafter proceed on her voyage to South Africa without delay, and shall not call for the purpose of loading or discharging cargo at any port, except Madeira and Las Palmas, or Orotava and two ports (in geographical order) in South Africa, between the United Kingdom and the destination of the Shippers' cargo, Provided that no steamer having cargo of the Shippers for more than one port shall call for either of the aforesaid purposes at more than one port in South Africa between the United Kingdom and the destination of the Shippers' cargo.

6. All cargo other than Rails shall be delivered to the Contractors with reasonable despatch free alongside the steamer (i) at any of the following ports at the Shippers' option, viz.: London, Liverpool (or Birkenhead), Glasgow, or (ii) at any port at which Rails are shipped under Clause 7, or (iii) at any port at which the Contractors may be loading a steamer on the berth, or (iv) at any port where the ocean-going steamer can safely enter, load, and leave, always afloat. In case of cargo delivered at any port coming under (ii) the Contractors shall have the same right of transhipment as is given in respect of Rails under Clause 7, but they undertake that there shall be no delay by reason of any such transhipment. The Contractors shall not be required to provide a steamer at any port coming under (iv) for any quantity of cargo of less than 500 tons weight or measurement.

7. Rails (if any) shall be delivered to the Contractors with reasonable despatch free alongside the steamer at any port which the Shippers may from time to time indicate, and shall be conveyed thence either by ocean-going steamer or (at the Contractor's expense) by steamer transhipping into the ocean-going steamer, but in case of transhipment the Contractors undertake that there shall be no delay by reason of such transhipment. The Contractors shall not be required to provide a steamer for any less quantity than 500 tons weight.

8. Cargo in steamers other than whole cargo steamers (i.e. steamers carrying the Shippers' cargo only) shall be taken from alongside by the Consignees at a usual place or places named by the Consignees with reasonable despatch according to the custom of the port, and the facilities for the time being available, but subject always to Clause 16 hereof, or they shall pay demurrage at the rate of pence per net register ton per day. Any eranage incurred in discharging shall be paid by the Contractors.

NOTE.—Clauses 8-9 and Clause 9a are alternative. Tenders must be on the basis of both alternatives. If the Shippers accept on the basis of Clauses 8-9, Clause 9a will be struck out, and vice versa.

9. In the case of whole cargo steamers, the Consignees shall take the cargo from alongside the steamer, always afloat, at such usual place or places as they may name, and (subject always to Clause 16) at the average rate of Two hundred and fifty tons per weather working day, Sundays and holidays excepted, or they shall pay demurrage at the rate of fourpence per net register ton per day, provided that the steamer can discharge at the above rate, and that twenty-four hours' notice of readiness to discharge be given in writing to the Consignees during usual office hours. Time during such notice if used by the Consignees is not to count as lay days. Any eranage incurred in discharging shall be paid by the Contractors.

9a. All cargo conveyed under this Contract shall be landed by the Contractors at such usual place or places as may be named by the Consignees, and shall be there delivered by the Contractors to the Consignees; but on cargo for Algoa Bay, East London, Durban, and Delagoa Bay, the Shippers shall pay to the Contractors the following additional rates for lighterage, landing, and sorting, viz.:—

NOTE.—On pieces or packages weighing over two tons, an increased rate on a sliding scale may be quoted, if desired.

On Algoa Bay cargo, per ton; on East London cargo, per ton; on Durban cargo, per ton; on Delagoa Bay cargo, per ton.

NOTE.—On pieces or packages weighing over twelve tons, an increased rate on a sliding scale may be quoted, if desired.

10. The freight shall be at the rate of per ton, and shall be charged at per ton weight or measurement (at the Contractors' option), on all cargo, except wire switchings and crossings, fencing, curved

ails, and curved plates, cast iron pipes of 12 inches or under of internal diameter, telegraph poles and bases, all of which are to be charged at per ton weight only. Wheels and axles shall be charged at per ton measurement, less one third. Coke shall be charged at per ton weight, but freight thereon shall be at double the contract rate. The Shippers' weight and measurement of cargo shall in all cases be accepted by the Contractors.

11. In the event of the shape of any pieces or packages enabling a saving in measurement tonnage to be obtained in stowage, such saving is to be effected, and is for the sole benefit of the Shippers. Earthenware pipes are to be nested (if so required by the Shippers) and are to be measured as so stowed, and the freight paid on such measurement tonnage.

12. Explosives coming within Class VI., Division 1, of the Order in Council of 5th August, 1875, are to be treated as ordinary cargo, and carried at the Contract Rate.

13. Explosives (except those coming within Class VI., Division 1 of the Order of Council, dated 5th August, 1875) are to be shipped according to the custom of the port of shipment, the Contractors building the necessary magazines at their own expense. Freight to be at double the Contract rate per ton on the tonnage of the Explosives themselves. The Contractors shall not be obliged to take such Explosives by any particular steamer, but shall nevertheless provide space for them within a reasonable time after being notified that the Shippers require to ship them.

14. Cargo of any kind which by the Regulations of the Board of Trade or Port Authority has to be carried on deck is in like manner to be taken within a reasonable time after notification, though not by any particular steamer.

15. The freight is to be paid within fourteen days after sailing and delivery to Messrs. J. and A. B. Freeland of signed Bills of Lading, as presented, without alteration, ship lost or not lost. Demurrage (if any and duly certified by the Consignees) shall be paid in cash in London fourteen days after the production of the Consignees' certificate, and in the event of any damage or short delivery of cargo in respect of which the steamer is not exempted by the printed exceptions in the Bill of Lading, the Contractors shall make good the same to the Shippers.

16. In the event of strikes, lock-outs, labour disputes, fires, fogs, frost, accidents or delays of railways or other transports, breakdown of suppliers' or manufacturers' machinery, or any other cause whatsoever (whether "*cunctum generis*" with the above or not) beyond the personal control of the Shippers, Suppliers, Manufacturers, or Consignees, directly or indirectly delaying or preventing the providing, bringing alongside or shipment of cargo intended for any steamer or the taking delivery thereof at destination, neither the Shippers nor the Consignees are to be under any liability for demurrage or detention in respect thereof.

17. The annexed form of Bill of Lading shall be adopted for all cargo shipped under this Contract.

18. The Shippers and Consignees and their respective representatives shall at all times have free access to the holds of every steamer, but this shall not in any way diminish the Contractors' responsibility for the proper handling, stowage, carriage and discharge of the Shippers' cargo.

19. Any dispute or difference whatever arising under this Contract shall be referred to a sole Arbitrator to be mutually agreed upon, or failing agreement, to be appointed at the instance of either party by the Chairman of Lloyd's. The arbitration shall be held in London, unless the Arbitrator shall otherwise order.

20. No member or Officer of either of the contracting Governments, nor any of the individuals acting as Crown Agents for the Colonies for the time being shall be in anywise personally responsible for the performance of this Contract or liable for any breach thereof.

21. The marginal notes to this Contract do not form part thereof, and are not binding upon the Shippers.

BOND REFERRED TO IN TENDER.

KNOW ALL MEN BY THESE PRESENTS that

of

in the

of

(herein and in the underwritten condition referred to as "the Contractors")

of

and

of

are held and firmly bound to

the Crown Agents for the Colonies, and hereinafter referred to as "the Crown Agents" in the penal sum of £10,000 of lawful money of Great Britain such sum to be paid to the Crown Agents or the survivors or survivor of them or the Executors or Administrators of such survivor, their or his Attorneys or Attorney, for which payment to be well and truly made, we bind ourselves and each of us and any two or more of us and the Successors, Heirs, Executors, and Administrators of us and each of us, and of any two or more of us jointly and severally by these presents.

SEATED with our Seals,

Dated the _____ day of _____ 1903.

WHEREAS by a Contract bearing even date with the above written Bond, and made between the Crown Agents, acting for and on behalf of the Government of the Transvaal and Orange River Colonies, of the one part, and the Contractors of the other part, the Contractors have contracted and agreed, that they, the Contractors, will in such manner and upon such terms and conditions as are in the said Contract mentioned or referred to, convey cargo from the United Kingdom to certain ports in South Africa.

AND WHEREAS the original of such Contract duly executed by the Contractors is for better identification annexed to and bound up with these presents.

AND WHEREAS before and at the time of entering into the said Contract it was expressly agreed between the parties thereto and the said

and

that the Contractors and the said

and

as sureties for the Contractors should enter into the above written Bond conditioned as hereinafter mentioned.

NOW THE CONDITION of the above written Bond is such that if the Contractors do and shall well and truly observe, perform, fulfil, abide by, and keep the several conditions, agreements, and stipulations in the said recited Contract contained expressed or referred to and on their part to be observed, fulfilled, abided by, and kept, and shall from time to time and all times hereafter at their own cost and charges, save harmless and keep indemnified, the said Government and the Crown Agents from all actions, suits, and losses, charges, damages, and expenses which they or any of them shall or may bear, sustain, or incur, or be put unto for or by reason of the non-observance or non-performance or breach of any of the clauses, stipulations, conditions, and agreements in the said recited Contract contained or referred to and on the part of the Contractors to be observed, performed, fulfilled, and kept then the above written Bond shall be void or otherwise shall remain in full force and effect. PROVIDED ALWAYS, and it is hereby declared that all the rights and remedies of the said Governments and the Crown Agents respectively under the above written Bond are to be deemed cumulative, and in addition to and not in substitution for their several rights and remedies under the said Contract, and that the rights of the said Government and the Crown Agents against the said

and
their or either of their Heirs, Executors, or Administrators shall not be prejudiced or affected by any alteration which may be made by agreement between the parties to the said Contract in the terms thereof or in the nature of the work to be done thereunder or by time being granted to the Contractors

or by any other indulgence or forbearance towards the Contractors in connection with the said Contract which but for this provision might release the said sureties from liability under the said Bond.

Signed, Sealed and
Delivered by the
above named.]

FORM OF TENDER.

To the CROWN AGENTS FOR THE COLONIES.

Gentlemen,

"My" or "Our"
"I" or "We"
"Me" or "Us"
"Me" or "Us"
"I" or "We"
"My" or "Our"
"Me" or "Us"
"Me" or "Us"
"I" or "We"
"My" or "Our"
"Me" or "Us"
"Myself" or
"Ourselves"

Subject to your acceptance of () offer within () days from the date of this Tender () hereby offer to convey for the Governments of the Transvaal and Orange River Colonies or either of them from the United Kingdom to Capetown, Algoa Bay, East London, Durban, and Delagoa Bay between the dates given in the annexed Contract form any cargo of any description which you may desire to tender to us for conveyance to any of the above-mentioned destinations.

All such cargo is to be conveyed on the terms of the annexed Contract Form, and the contract rate of freight thereon is to be

per ton.

"I" or "We"
"Me" or "Us"
"Me" or "Us"
"I" or "We"
"My" or "Our"
"Me" or "Us"
"Me" or "Us"
"I" or "We"
"My" or "Our"
"Me" or "Us"
"Myself" or
"Ourselves"

() further undertake that this Tender shall not be retracted or withdrawn by () before the expiration of () days from the date hereof, but shall remain binding upon () and may be accepted at any time before the expiration of such () days.

"I" or "We"
"My" or "Our"
"Me" or "Us"
"Me" or "Us"
"I" or "We"
"My" or "Our"
"Me" or "Us"
"Myself" or
"Ourselves"

And () undertake in the event of this Tender being accepted, to execute when called upon by you to do so a formal Contract in terms of the annexed Contract Form, subject to such alterations (if any) being made therein as may seem to you necessary to adapt it to this tender.

"My" or "Our"
"Me" or "Us"
"Me" or "Us"
"I" or "We"
"My" or "Our"
"Me" or "Us"
"Myself" or
"Ourselves"

In the event of any of the conditions upon which you accept this Tender not being complied with or in the event of () failing to execute the said Contract and return the same to you so executed within seven days after the same shall have been left by you for execution by () at the address given below () hereby empower you to rescind your acceptance of this Tender.

propose

of
of

for your approval as Sureties jointly and severally together with
for the due fulfilment of the Contract in the sum of £10,000 and undertake to accept and procure the execution of such Sureties as may be approved of a Bond for that sum in the annexed form when called upon by you to do so.

On the execution of the formal Contract mentioned above, this Tender is to be deemed absolutely superseded and annulled for all purposes.

Dated this () day of ()
1903.

Signature

Address

To the CROWN AGENTS FOR THE COLONIES,
London, S.W.

NOTES.

1. The Crown Agents do not bind themselves to accept the lowest or any Tender.

2. Subject to the marginal note against Clause 10 of the Contract, Tenders are to be made at a uniform rate of Freight per ton.

3. Tenders (to be marked outside "Tender for Freight," and addressed to the Crown Agents for the Colonies, London, S.W.) will be received up to noon on the 15th day of December, 1903.

MEMORANDUM OF FREIGHT CONTRACT MADE THIS DAY
BETWEEN MESSRS. J. & A. B. FREELAND FOR ACCOUNT OF
THE CROWN AGENTS FOR THE COLONIES, HEREINAFTER
CALLED THE "SHIPPERS," AND THE SOUTH AFRICAN
CONFERENCE STEAM LINES, SIGNATORIES HEREOF,
HEREINAFTER CALLED THE "CONTRACTORS."

London,

17th February, 1904.

1. The Contractors undertake to provide tonnage for the conveyance of 2,500 tons rails and accessories, 63 locomotives, 82 railway carriages, and about 5,000—10,000 tons of other cargo, the whole of which is expected to be ready for shipment by the end of September next, and in addition, for 25,000 to 30,000 tons of rails and accessories from Middlesborough as set out in Clause 10 hereof.

2. The ports to which the cargo is to be carried are Capetown, Algoa Bay, East London, Port Natal, or Delagoa Bay, as may be declared by the Shippers upon their giving notice of shipment required.

3. The above parcel of 2,500 tons rails and accessories shall be conveyed from Maryport, Harrington, or Workington by the Contractors at the orders of the Shippers, with liberty to the Shippers to make shipment of the accessories from the berth ports.

The remainder of the above cargo (other than the rails and accessories from Middlesborough) shall be conveyed from London, Glasgow, Liverpool (or Birkenhead) as may be arranged by the Crown Agents, the cargo being tendered to the steamers of the Contractors at their respective loading berths.

3a. The Shippers to have the opportunity of shipping any goods from any Continental or United Kingdom berth ports at which the ships of the Conference Lines may be loading berth cargo.

4. The rates to be as follows:—

Per Capetown and Algoa Bay (delivered as customary)—
For the 2,500 tons of rails and accessories 18s. 6d. per ton.

For locomotives and railway carriages and parts of them, bridge work, buildings (station workshops, hut-work and sheds), bricks, baths, castings, cement, cotton waste, cranes (steam and electric), galvanised iron, glass (except plate), hardware, horseshoes, iron and steel, lamps, lime in casks, nails and screws, machinery and machine tools, pipes (wrought and cast iron), earthenware pipes, railway signals, railway tyres, stoves, switches and crossings, spades and shovels, tank-work, tools, telegraph and electric light poles and material, steel wire, wheels and axles, wheelbarrows 20s. 0d. per ton.

For East London, 2s. 6d. per ton to be added, to include the cost of landing, lighterage, and sorting.

For Natal, 4s. ditto, ditto.

For Delagoa Bay, 7s. 6d., ditto, ditto.

5. Goods not enumerated above are to go at the ordinary tariff rates of Contractors at the time of shipment, subject to the following allowances:—

On Classes 1, 2, 3, and 4, 20 per cent. rebate to be allowed for all ports, with the exception of Classes 3 and 4, Capetown and Algoa Bay, for which ports on Classes 3 and 4 only 10 per cent. to be allowed.

With respect to the aforesaid allowance of tariff rates as applied to Delagoa Bay, the landing, lighterage, and sorting rate of 7s. 6d. per ton is to be deducted from the inclusive tariff freight before the percentage of 20 per cent. is taken off, and to be again added after the percentage is taken off, as per following illustration :—

	Class 1 s. d.	Class 2 s. d.	Class 3 s. d.	Class 4 s. d.
Present Tariff	55 0	42 6	35 0	32 6
Less	7 6	7 6	7 6	7 6
	47 6	35 0	27 6	25 0
20 per cent. off	9 6	7 0	5 6	5 0
	38 0	28 0	22 0	20 0
Add	7 6	7 6	7 6	7 6
Nett Rates	15 6	35 6	29 6	27 6

All rates (with the exception of Classes 1, 2, 3 and 4, which are subject to the allowances aforesaid) to be nett rates. Goods charged at special rates below 4th Class will not be subject to any allowance.

6. Heavy Lifts.—The foregoing rates apply only to pieces that do not exceed three tons in weight; for pieces over three tons in weight an extra rate of 2s. 6d. for every additional ton or part of a ton to be charged. This additional rate shall cover the cost of craneage at Capetown (if any) and also the cost of lighterage and landing charges at East London and Natal, but with respect to Delagoa Bay, where the lighterage and landing charges are so heavy, additional rates to apply, as per separate scale attached.

No pieces exceeding ten tons in weight to be sent to Delagoa Bay. For Algoa Bay it is preferred to limit the weight of lifts to ten tons, but subject to arrangement the Lines would endeavour to meet the wishes of Shippers up to 15 tons weight.

7. Should there be any pieces or packages of abnormal length, such as logs or girders, not contemplated in the present contract, beyond those contained in the approximate specifications, the rate of freight on same to be mutually arranged.

8. Freight computed at per ton weight or measurement at Contractor's option as usual, but the freight on wire, switches and crossings, fencing, curved rails and curved plates, cast iron pipes of 6 in. internal diameter, telegraph poles, bases without base plates fixed, to be charged at per ton weight only.

Coke shall be charged at per ton weight, but the freight thereon shall be at double the contract rate. Earthenware pipes may be nested and freight paid on such measurement tonnage.

Wheels and axles shall be at weight or at measurement, less one-third, at Contractor's option.

Rails not to exceed 40 feet in length.

All rates are without primage and without rebate.

Should pipes, columns, or other goods be shipped where there is a considerable saving of space occupied when the stacked measurement is taken, as compared with the single measurement, a mutual arrangement between Shippers and Contractors as to taking such stacked measurement is to be made.

9. The freight on the shipments made by the Crown Agents since the termination of the last contract, which shipments will form part of the above cargo, described in Clause 1, is to be at the rates quoted herein, and any freight notes which have been rendered at other rates are to be corrected accordingly.

10. This Contract shall include the conveyance of about 25—30,000 tons of rails from Middlesbrough, as mentioned in Clause 1, on the following conditions:—

For Capetown and Algoa Bay—

If tendered in lots of not less than 4,000 tons for shipment in one bottom, 16s. per ton.

For East London, Natal, and Delagoa Bay—

The same additions to the rate of 16s., that is to say, for lighterage, landing and sorting, as set out in Clause 4 hereof.

Should the Shippers elect to ship in parcels of not less than 4,000 tons, and the accessories (fishplates, fittings, etc.), not be available to be shipped with the rails, they are to be carried at the same rate, but in such case they are to be delivered to the steamers at their ordinary berth ports.

If the said 25,000 tons rails be tendered by the Shippers in parcels of under 4,000 tons, then the rate to be 18s. 6d. per ton for Capetown and Algoa Bay, with additions as above (under Clause 4), in respect of East London, Natal, and Delagoa Bay.

Should the Shippers decide to ship in parcels of not less than 4,000 tons, such cargoes must be for one port of discharge, and the Contractors agree to accept the risk of demurrage in discharging if shipped to Capetown, Algoa Bay, East London, or Natal, but if the Shippers require to send full cargoes to Delagoa Bay, they will agree with the Contractors for a rate of discharge as customary with chartered steamers.

(It must not be implied that the Contractors in accepting the risk of discharge at the Cape ports and Natal for this parcel of rails are establishing a precedent for further shipments. The risk of demurrage with large parcels of rails must always be a matter of arrangement between Shippers and Contractors).

As the Shippers cannot declare immediately whether they can ship these rails, they are to have the option of cancelling this portion of the contract within a month from this date.

11. The Value Clause (limiting the value of any single package) on the Conference Lines Bills of Lading to be deleted, or a letter given that it will not be made applicable.

12. The Contractors undertake to give the Agents-General for the Cape of Good Hope and Natal, if the Agents-General so wish, contracts on the same terms and conditions as this for all the cargo they may have till the end of May, or at their option for a quantity to be mutually agreed, but if the Contractors give either of them, at the present time, better terms or conditions than the terms and conditions of this Contract, the same to apply to this Contract. It is understood that the Agents-General are to give prompt reply to this offer.

The Contractors agree to give the option to the Agents-General to extend the period beyond the 31st May (as herein expressed), for a further period of six months, which option is to be declared on or before 25th March next.

13. In the event of Great Britain becoming involved in war, this contract may be suspended by either party.

14. During the continuance of this Contract the Shippers undertake that if they have any further cargo not contemplated in the present Contract, they will give the Contractors the opportunity of tendering for the conveyance of the same.

15. It is understood that tonnage for the conveyance of the cargo will in all cases be provided within twenty-one days of notice being given of the Shippers' requirements.

16. This Contract does not apply to conveyance by mail steamers.

Signed by authority of and on behalf of the Conference Lines of Steamers as follows:—

Union-Castle Mail Steamship Company, Limited.
 The Clan Line Steamers, Limited.
 The Bucknall Steamship Lines, Limited.
 Bullard King & Co.
 John T. Rennie, Son, & Co.
 The Ellerman-Harrison Line (Joint Service).
 R. P. Houston & Co.

(Signed) EDWARD LLOYD,

JOHN BYRON,

| J. & A. B. FREELAND.

Memorandum of Scale of Additional Rates to apply at Delagoa Bay in respect of pieces or packages exceeding three tons in weight as referred to in Clause 6:—

It is agreed that, in addition to the freight specified and the item of 7s 6d. to cover landing, lighterage, and sorting, as per Clause 4, and the extra rate of 2s. 6d. per ton to be paid for every additional ton or part of a ton upon pieces over three tons in weight, the Contractors shall charge the following additional rates:—

For pieces 3 to 4 tons, 3s. per ton extra to be paid.

“	4 to 5	“	4s.	“	“	“
“	5 to 6	“	6s.	“	“	“
“	6 to 8	“	8s.	“	“	“
“	8 to 10	“	10s.	“	“	“

The above charges are to be paid per ton of 40 cubic feet or 20 ewt. at Contractors' option.

Should the Portuguese authorities demand unfair pier rates from the Lighterage Company, in consequence of which the said Lighterage Company have the power to cancel their contract with the Contractors on giving reasonable notice, it is understood and agreed by the Crown Agents that, in the event of such action or cancellation of lighterage arrangements being effected by the Company, the Contractors in this freight contract are to have the same liberty of cancelling these arrangements, and any substituted arrangements will become a matter for discussion and mutual agreement.

(Signed) E. L.

J. B.

J. & A. B. F.

London, 17th February, 1904.

Messrs. J. & A. B. Freeland, London, E.C.

Dear Sirs.—With reference to the Freight Contract of this date, concluded between us on behalf of the Crown Agents and the Conference Lines respectively, and the request which you have made that the Crown Agents should have the option of making their own arrangements for the lighterage, landing, and sorting of cargo at such ports where those services require to be done, and for which, under Clause 4 of the Contract, the additional charges are specified which shall be paid by the Crown Agents to us in respect of these services, we beg to confirm the arrangements arrived at in our interview yesterday with Sir Ernest Blake, as follows:—

1. That in respect of shipments made by you in the Conference Lines' berth steamers, the usual arrangements of the Conference Lines shall apply, as it would be found impracticable or unworkable in experience for steamers having mixed cargoes for a number of consignees to deal otherwise with the work involved than by the comprehensive arrangements of the lines for hand-

ling the entire cargo. We have shewn you that this condition is inevitable as much in the interests of the Crown Agents as for the Steamship Owners as regards facilities for landing the cargo at minimum cost and the avoidance of delays to steamers and lighters, with consequent demurrage claims, and the general inconvenience which would result from such partition or division of lighterage and labour involved in the discharge of a general cargo steamer.

2. Where the Crown Agents ship whole cargoes, it is agreed that they may elect to receive such entire cargo *ex ship* at the ports of East London, Natal, and Delagoa Bay, relieving the Conference Lines of all responsibility in respect of landing, lighterage, and sorting, and in such circumstances the net rates of freight under Clause 4 shall be paid, without the additional charges set out in the said clause concerning the ports made, but this arrangement is conditional upon the Crown Agents agreeing with the Conference Lines a guaranteed rate of discharge—not less than 300 tons per day—with responsibility for demurrage in respect of these steamers carrying whole cargoes at the rate of 4d. per gross register ton per day.

3. The Crown Agents to declare at the time of arranging for an entire steamer cargo if they elect to take the cargo accordingly *ex ship* at East London, Natal, or Delagoa Bay.

Yours faithfully,

(Signed) EDWARD LLOYD,
JOHN BYRON.

XXVI.

RESOLUTION OF THE BARROW-IN-FURNESS CHAMBER OF
COMMERCE OF 17th FEBRUARY, 1903.

Resolution of the Barrow-in-Furness Chamber of Commerce, drawing attention of the Board of Trade to the state of the carrying trade to South Africa, and urging that His Majesty's Government should decline to support the South African Conference Lines until they abandon such methods as are prejudicial to the prosperity of the Country.

SOUTH AND EAST AFRICAN FREIGHTS.

Copy of a Letter addressed by the South African Steam Lines to the Right Honourable the Secretary of State for the Colonies, Colonial Office, London.

London, 4th March, 1901.

Sir,

In a recent Press Report of proceedings in the Transvaal Legislative Council, it was stated that the Colonial Secretary, Mr. Duncan, said, in reply to a question, that his Government intended "to consult the other South African Colonies in regard to devising a means of reducing the present enormous sea-freight charges."

The point we are more immediately concerned with is the charge implied in this statement, a charge which has more than once been explicitly made—that the Steam Lines levy excessive rates of freight, which press heavily on the merchants and the public in the Transvaal. This implied charge we most strongly deprecate. As a matter of fact, while the number, size, and speed of the steamers trading between the United Kingdom and the South African Colonies have always fully kept pace with the demands of the trade, and while no other Colonies now possess better or more rapid means of communication with the Mother Country, the financial results of the trade cannot correctly be said to have yielded more than a moderate return on the amount of capital invested, by all the Lines concerned, in providing and maintaining the Steam Service to and from South Africa.

The onerous item of railway carriage from the South or East African seaboard to Johannesburg is a far more serious factor than sea freight in the total cost of conveying goods from Great Britain or Europe to the Transvaal.

Early last year a report was issued by the British South Africa Company, containing a statement to the effect that rates of ocean freight charged by the South African Steam Lines trading to Beira were "responsible to a great extent for the high cost of living in Rhodesia." At that time the Steam Lines repudiated this allegation in the public Press by a letter dated 14th February, 1903, to which a reply was published by the Secretary of the British South Africa Company under date February 25th, and although the Lines were legally advised that it would be irregular for them to continue the public discussion of the question, in view of an action then pending in the Courts, they addressed a further letter to the British South Africa Company, reserving the right to publish the whole correspondence whenever they could with propriety do so. A copy of this correspondence is annexed herewith for your information, as the circumstances which led the Lines at that time to abstain from further discussion in the Press have now passed away.

We have no desire to criticise the charges deemed necessary by other administrations in the conduct of their business. It is not within our province to express any opinion as to the correctness or otherwise of the views which we know have often been freely expressed in Rhodesia and in the Transvaal that excessive charges are levied for railway transit from the Coast Ports to the interior. For the moment we content ourselves by annexing for your information a comparative table (see page 4) shewing respectively the rates of sea freight and of railway carriage from the seaboard to Johannesburg of a variety of different articles, all of such general use that they may fairly be classed as the necessities of life. Whatever may be thought of the railway rates, as to which, as we have said, we express no opinion, we submit that it is obvious that these overland charges must do much more than the ocean freight can possibly do towards enhancing the cost of living up country in South Africa.

We refer, in this connection, to the Report of Mr. Henry Birchenough, the Special Commissioner recently appointed by the Board of Trade to investigate trade questions in South Africa. In his Official Report (Cd. 1844, p. 64), Mr. Birchenough writes: "It is only fair to say that most of the assertions which have been made with regard to the influence of ocean freights

upon the cost of living in South Africa seem to be highly exaggerated," and that "railway rates are a far more potent factor in costs to the inland Colonies than ocean freights."

We may here point out that in another part of the same report (page 63), Mr. Birchenough spoke of uniform reasonable rates of freight as being one of the greatest desiderata in oversea trade. In this view we heartily concur with the Special Commissioner; our only objection is that those who criticise the South African Steam Lines seem to us to aim at finally attaining a level of "uniformity" which would certainly not be "reasonable" to the ship-owners whose aim it is to maintain a steam service, the regularity and excellence of which are not disputed even by those who denounce the Steam Lines.

In a recent Blue Book dealing with the affairs of the Transvaal and the Orange River Colony (Cd. 1895), the following instructive table appears on page 345, dealing with the cost of transit to the mines :—

"The charges per ton mile by the different South African railway systems are as follows for various classes of goods :—

	Distance, Miles.	Pence per ton mile.		
		Normal.	Interm.	Rough.
From Lourenco Marques to Johannesburg	396	4.21	3.13	2.52
From Durban to Johannesburg	485	3.80	2.84	2.43
From East London to Johannesburg	665	2.76	2.07	1.77
From Port Elizabeth to Johannesburg	713	2.72	2.07	1.77

"The average charges for this class of goods by railways of other parts of the world are on an average approximately :—

" America	0.30	pence per ton mile.
" England	1.40	pence per ton mile.
" India	1.13	pence per ton mile.
" Germany	0.749	pence per ton mile."

While we fully recognise the value of free discussion of all questions of public interest, either in the Legislature or in the Press, we not only challenge the assertion that the present rates of freight to South Africa are "enormous sea-freight charges," but we submit, without fear of refutation, that the ocean freight—which, as will be seen from the annexed statement,⁵ includes in some instances charges for the lighterage and landing cargo—bears but a very small proportion to the high actual prices charged on the spot for articles of ordinary consumption sold in Johannesburg, and a still less proportion to the value of costly mining machinery and other plant used in the Transvaal.

We propose to publish this correspondence.

We have the honour to be, Sir,

Your obedient Servants,

THE UNION CASTLE MAIL STEAMSHIP COMPANY, LTD.,

Donald Currie & Co., Managers.

For the CLAN LINE STEAMERS, LIMITED,

Cayzer Irvine & Co., Managers.

For the BUCKNALL STEAMSHIP LINES, LIMITED,

Bucknall Bros., Managers.

For the ELLERMAN HARRISON LINE, JOINT SERVICE,

J. R. Ellerman.

NATAL DIRECT LINE,

Bullard King & Co.

ABERDEEN DIRECT LINE,

John T. Remmie, Son & Co.

The Right Honourable

The Secretary of State for the Colonies,

Colonial Office,

Downing Street, S.W.

(Appendix to letter from S.A. Steam Lines to the Right Honourable the Colonial Secretary, dated London, 3th March, 1904).

TABLE OF RAILWAY RATES FROM THE SOUTH AFRICAN COAST PORTS TO JOHANNESBURG COMPARED WITH THE OCEAN FREIGHTS FROM THE UNITED KINGDOM TO SOUTH AFRICA.

	Via Cape Town.		Via Port Elizabeth.		Via East London.		Via Natal.	
	Rail rate per ton.	Ocean freight per ton.	Rail rate per ton.	Ocean freight per ton.	Rail rate per ton.	Ocean freight per ton.	Rail rate per ton.	Ocean freight per ton.
Distance in Miles	1,014	6,181	714	6,609	666	6,739	483	6,993
Provisions ...	242 8	31 3	181 -	31 3	171 8	38 9	171 8	40/-
Candles ...	182 11	25 -	136 11	25 -	127 9	32 6	127 9	32 6
Soap ...	182 11	22 6	136 11	22 6	127 9	30 -	127 9	30/-
Spirits ...	182 11	42 6	136 11	42 6	127 9	48 9	127 9	52/6
Beer ...	182 11	25 -	136 11	25 -	127 9	32 6	127 9	32 6
Aerated Waters ...	182 11	22 6	136 11	22 6	127 9	30 -	127 9	30 -
Cement ...	158 10	16 3	117 7	16 3	110 1	22 6	110 1	22 6
Brieks ...	143 8	22 6	106 4	22 6	98 11	30 -	98 11	30/-
Deals ...	143 8	20 -	106 4	20 -	98 11	27 6	98 11	27/6
Galvanised Iron...	158 10	20 -	117 7	20 -	110 1	25 -	110 1	25/-
Bar Iron ...	182 11	22 6	136 11	22 6	127 9	30 -	127 9	30/-

In this Table Railway Rates are computed at per ton of 2,240 lbs., and Ocean Freights at per ton of 2,240 lbs. or 40 cubic feet.

The Freight Rates for East London include Lighterage when incurred, and those for Natal include landing, sorting and delivery to Consignee's Agents on the quay.

XXVIII.

ANSWER TO LETTER ADDRESSED BY THE SOUTH AFRICAN
STEAM LINES TO THE RIGHT HONOURABLE THE SECRETARY OF STATE FOR THE COLONIES.

Colonial Office,
Downing Street,
30th March.

Gentlemen,

I am directed by Mr. Secretary Lyttelton to acknowledge the receipt of the letter of the 4th March, signed by various members of the South African Shipping Conference, in which comment is made as to certain recent remarks of the Colonial Secretary of the Transvaal on the subject of South African freights.

2. I am to inform you that a copy of this communication will be forwarded to the Governor of the Transvaal.

I am, however, to observe that the figures for railway rates in South Africa which you quote from the Blue Book (Cd. 1895) do not represent the present position, inasmuch as a reduction of about 20 per cent. has since been effected on the rates on the Central South African Railway, and as material reductions have also been made on the rates for through traffic on the Cape and Natal Lines, as a result of the Bloemfontein Conference of 1903.

I am, Gentlemen,
Your obedient Servant,
(Signed) C. P. LUCAS.

The Managers,
The Union Castle Steamship Company.

JOINT MEETING OF THE COMMERCIAL CHAMBERS OF
JOHANNESBURG, APRIL 29, 1904.

At a very largely attended joint meeting of members of the Chambers of Commerce and Chamber of Trade, held on April 29th, the following important resolutions were discussed and carried unanimously:

This Meeting urges upon the Government the desirability of inserting a clause in any contract entered into with shipping companies, requiring the Contractor to carry at the same rates any other freight offered.

That the Governments of South Africa should take such steps as will make it illegal for all shipping companies trading with South Africa to differentiate in rates between one shipper and another.

The Chairman, Mr. W. A. Martin, President of the Chamber of Commerce, in moving the resolutions on shipping freights, said the question they had been discussing paled into insignificance in comparison with that of shipping freights. The time was peculiarly opportune for discussing that octopus, the Shipping Ring, especially as a contract which Wernher, Beit & Co. entered into with the Ring in August, 1902, expired on the 31st July of this year, but which could be renewed for a period of twelve months. The tonnage to be imported into the Transvaal for this year might be roundly estimated at 1,000,000 tons, of which the Government's portion might be set down at 100,000 tons, or 10 per cent. of the whole. They were assured that the Government had received a tender at the rate of 18s. per ton for its freight. Now, if the Government accepted any such tender without a clause that the successful tenderer would be required to carry any other freight at the same rate, it was quite possible for the Government to make an exceedingly good bargain for itself, but an exceedingly bad bargain for the country at large. The 100,000 tons at 18s. would amount to £90,000, but the remaining 900,000 would be carried at from 35s. to 50s., the rates at present charged by the Conference Lines. The total cost to the country at large would be £1,890,000, or an average of 38s. per ton. A contractor was prepared to carry Government goods at 20s., and to carry any other goods at the same rates.

If the Government entered into such a contract as that, and traders were able to shake themselves free of the rebate system, the saving of the Transvaal Colony as a whole would amount to £900,000 per annum, and for the whole of South Africa something over £2,000,000 per annum. The Contractor was prepared to give guarantees as to stability, etc., and that he would not for a period of at least eight years enter into any arrangement on the lines of the Shipping Ring. (Applause.) The £900,000 which would be saved to the Transvaal, might not greatly reduce the individual cost of living; he meant that the 250,000 whites in the Colony might not each save £4 per annum, but the money would actually remain in the pockets of people on this side of the water, instead of in the pockets of those on the other side.

Turning to the rebate system, Mr. Martin sketched its history, in case people should ask why the merchants were ever so foolish as to have this millstone hung round their necks. When the system was first introduced, the condition of things in South Africa was very different from what it was to-day. Twelve or fifteen years ago the goldfields were in their infancy, and the demand for imported goods was nothing like what it now was. Consequently the far-seeing gentlemen who controlled the destinies of the Shipping Ring found that it was to their advantage to get the merchants tied up in order to save themselves from competition. And the fact that every individual merchant, without exception, agreed to accept the 10 per cent. proved that he had no alternative in the matter. It was practically impossible at that time to do otherwise, seeing that the freight offering was so comparatively small. No other shipping line could, for this reason, be got to set up competition. They might say, "Supposing the Government accepts our suggestion, and in entering into a contract provides that the successful Contractor must carry other freight offered at the same rates, how will that help us to shake ourselves free from the present rebate system?" In reply to that he would say it was

not entirely the loss of rebates which merchants would suffer. The Ring had a method of penalising those who, in its opinion, were not loyal to the Conference Lines.

Supposing a man entered into a contract with the Government, he would not have, in the initial stage of his enterprise, the same number of steamers as the Conference Lines, nor would he call at the same number of ports. Consequently, occasion would arise when the merchant would not be able to ship his goods for a particular port or at a particular time by the Contractor's ships, and he would be compelled, therefore, to offer some of his freight to the Conference Lines, to find that these Lines either would not accept the goods or would only accept them at a prohibitive price. He believed that if such a condition as the one he had previously mentioned were to take place, many merchants would, if they knew that their only loss would be the loss of rebate, probably break away from the Ring and support an outside line. That was why they had inserted in the resolution a declaration that the Governments of South Africa should take steps as would make it illegal for all shipping companies trading with South Africa to differentiate in rates as between one shipper and another.

He was informed that the Government could succeed in doing this by bringing all shipping lines trading with South Africa under what was called the Common Carriers Act, which would make it illegal for any shipping company to differentiate in rates between one shipper and another. If this particular Act did not serve, the purpose in view could be attained by the Government by levelling up harbour dues or railway charges. In this matter the Government was practically all-powerful.

The question of shipping freights was not entirely one of local or South African concern. The volume of trade had increased enormously during the past few years; consequently the question had become one of Imperial importance. Because of the British manufacturer, the question had its Imperial aspect, owing to his competition with his fellow manufacturer in America. Did it not often arise that they, as commercial men of Johannesburg, had to tell British firms that they were prepared to do business if it were not for the fact that from the time their firms put their goods aboard, say at Southampton, they had to pay 40s., or 45s., per ton, whereas the American could ship identically the same article from New York at 20s. What was the use of having a preferential tariff to encourage trade with Great Britain and South Africa, if any benefit derivable from this tariff was more than done away with by the penalising of the trade by the Shipping Ring? If the whole of the duty charged on certain goods in this Colony were rebated in favour of the British manufacturer, he would still be at a disadvantage compared with the American manufacturer—which rendered the preferential tariff a farce.

They had heard a great deal on the subject of "loyalty"—of the term "loyal shippers," but seldom did they hear the expression "loyal Conference Lines." (Hear, hear.) When the Houston competition came into existence certain steps were taken by the Merchants' Committee in London to ascertain what the Conference Lines were prepared to do to protect those who remained loyal to their contract. Houston's tonnage was estimated to be equivalent to 20 per cent. of the total tonnage of Houston's and the Conference Lines combined. Merchants were given the opportunity of shipping 20 per cent. of their goods at the same rates as were being charged by Houston, but this did not meet the case, because the man who broke away from the Conference Lines was able to ship 100 per cent. of his goods at the lower rates. If the Conference Lines had been loyal to their shippers they would have carried all their goods at the Houston rate. (Applause.) Now Houston had joined the Conference Lines, and this was about the worst advertisement these Lines could have had. How did they proceed to protect the loyal shipper against the competition of those who were under contract with Houston for several years at a lower rate. The matter had been put before the Lines by the Merchants' Committee, and he had before him the report of a meeting held on the 2nd March last in London. A question was put as follows to the Conference Lines: "What steps are you about to take to protect the loyal shippers in view of the existing contracts?" The Con-

ference Lines replied that "each case must be considered on its merits, assuming, however, that no merchant would make a claim where there is a difference of freight, unless he can show he made a loss by reason of that difference of freight, taking all matters concerned into consideration." This clause was worthy to be drawn by a lawyer. (Laughter). The fact of the matter was that the Conference Lines were loyal, so long as it paid them to be so, and not a moment longer. On receipt of the reply, the Merchants' Committee had unanimously resolved:—

"That, in the opinion of the Committee, the Conference Lines should carry out the compact of the 9th March, 1893, by charging those rates of freight for the same goods to the loyal shippers which, under the present contracts with Messrs. Houston, are paid by the shippers by the late opposition line."

This resolution had been accepted by every Chamber of Commerce in this country as absolutely meeting the case.

But they had further instances of the kind of loyalty which the Conference Lines observed. Some twelve or eighteen months ago, mention was made in that Chamber of Commerce of a certain contract—which he regarded as unjust, unfair, and dishonourable entered into by the Conference Lines with Wernher, Beit, and Co., and the Consolidated Goldfields and the mines they represented. This was on August 8th, 1902, and the contract was made, notwithstanding Clause 4 of the compact of March, 1893, which was as follows:—

"With reference to the protection of merchants in regard to outside steamers generally, it was agreed that, in the event of merchants who confine their shipments exclusively to the South African Steam Lines, showing that competitors have had goods shipped and landed at any ports covered by the outward rebate circular, on lower terms than those paid to the South African Steam Lines, these Steam Lines will (whenever they are satisfied the case demands it) allow such merchants a return of the difference between the terms on which they have paid to the South African Steam Lines, and the terms on which other shippers have paid to any outside steamer, provided always that the shipments are similar in character, and have been made within seven days before or after the date of the departure from the last port of loading of such outside steamer. This arrangement to be reconsidered if found to work inequitably."

In the face of this he held that the Contract he had cited was unfair, dishonest, and unjust. Under the Contract, the Conference Lines agreed for a period of two years (either side having the right to extend it another year, and then a further three months), to carry the goods for the houses named at rates which were at least 30 per cent. less than the rates charged to loyal shippers. (Shame.) It was a shame. It was only fair to the Conference Lines to say that a clause in the Contract classed the goods to be thus carried as mining machinery and fixed plant. But their experience of the loyalty of the Lines was such that he was certain that every and any kind of goods required by the mining companies in question were being carried at the same rate. What could they think of a combination which, having secured an accumulation of rebates estimated at £500,000 sterling, went behind the backs of the merchants, and made such a compact as that which he had named!

It was a distinct breach of faith on the part of the Conference Lines, and if these Lines had a spark of honour in their composition they would at once pay whatever sum might be necessary for the annulment of the Contract at the earliest possible moment. (Applause.) Concluding, Mr. Martin said that they must point out to the Government that a Contract, which favourable to itself, might be seriously expensive to the country at large. He therefore trusted that the Government would, in any contract into which it entered, protect the interests of the country in general, and not look after itself alone, for if the Government had goods carried for it at cost price or less, somebody would have to make up the difference. They must have uni-

form rates, and if these were fair and reasonable, merchants would be satisfied. They now had an opportunity of getting the rates very considerably reduced for the benefit of the country, because any reduction would be immediately and distinctly felt by the consumer. The idea that consumers would not obtain a benefit was utterly fallacious. It was quite possible that reductions are not perceptible when penny packets, so to speak, were sold over the counter, but in general, and especially in selling wholesale, the reduction was felt by those entitled to feel it. He begged to move that resolution. (Applause.)

Mr. A. F. Robinson, in seconding, spoke at length on the disabilities under which they were suffering. They must urge upon the Government to get some cure for the present state of affairs. They wanted uniform rates, and the question was how were they going to obtain those rates. They could not do it themselves, so they must seek help from the Government to break up the "Ring." But were they going to sacrifice three-quarters of a million for the sake of breaking up the "Ring," from which, individually, they might not benefit unless, when the "Ring" was broken up, there was no chance of another being formed? No, they must have a guarantee from the Imperial Government that all shipping men should be treated as doing an illegal action if they carried goods at differential rates. With the three-quarters of a million referred to sacrificed over the carrying of goods, they would be able to build more ships to carry goods, and so rob the merchants again. (Laughter.) They could not urge on the Government too strongly in the tenor of the two resolutions before them. He would go further and say that if an outside shipping man approached the Government and offered to carry goods of a certain tonnage per annum, and said he would put on, say, one ship a fortnight, the Government should not enter into a contract with that man, unless he would carry, if necessary, a million tons per annum. They must urge on the Government that the rebate question must be considered, in addition to the contract for carrying all the tonnage required, and all the shippers of to-day must be protected.

Regarding the illegality of differential rates they must rely on the Government here. It was not impossible for the Government of the Colony to make it impossible for the shipowners to come to their ports if they made differential rates by making the port dues heavy. It would require strong action on the part of the Government to break the Ring. The Ring had the Crown Agents in their hands, and the Crown Agents were the people responsible for the Ring.

Mr. Pistorius said he did not think anyone could approve of a system whereby the casual shipper could get the advantage of a general shipper. (Hear, hear.) That was how they all felt it, and it affected the whole of South Africa. The general shipper was made to pay for the difference allowed to the casual shipper. If they could get the Government to insist that there should be no differential rates, they would be doing a great benefit to the whole of South Africa.

Mr. Sugden said that when the Houston Line came along two years ago, he felt the only course open to him was to support the outside Line, which he did. He thought of the rebates which he was about to lose, but after due consideration, he decided to break away from the Ring and lose the rebates, and he was not sorry for it, for he had put more in his pockets by the reduced rate than he had lost on rebates. They did not again intend to get into the clutches of that abominable Ring. Supposing the Government would not say differential rates were illegal, were they going to continue with the Ring or not? He contended they ought to get hold of a line of steamers and support it in spite of the Shipping Ring, and thus have the matter in their own hands. He was not sanguine the Government would help, but he mentioned about obtaining a line of steamers in order to encourage those merchants who had been loyal to the Ring.

Mr. Mackenzie said they were justified in expecting the Government to bring whatever pressure they could to bear on shipping lines in order that the cost of living in this country might be reduced. He hoped other Governments would also join in the effort to get rid of this inebus.

Mr. A. Y. Niven agreed that the merchants themselves were powerless without the support of the Government.

Mr. Stuart Campbell also emphasised the statement that the merchants could not fight the opposition without the co-operation of the Government. His firm had benefitted to a substantial extent by shipping by Houston's, but the public had not been given the benefit of this; the money had been placed to the credit of a special freight account, for they never knew what might happen next. (Hear, hear.) As a matter of fact, shippers who had not been "loyal" to the Ring were now charged something like 10 per cent. extra on goods sent by mail steamer.

The resolutions were then carried unanimously.

The Chairman moved:—"That this meeting authorises the Joint Sub-Committees to take such action as they may consider advisable in pursuance of these resolutions." He added that, if necessary, another meeting of the two Chambers would be called. The resolution was carried.

The meeting then terminated.

XXX.

RATES OF FREIGHT TO SOUTH AFRICA, FROM JUNE 1st TO
DECEMBER 31st, 1904, FOR CAPE GOVERNMENT.

GENERAL CARGO.—Tariff Rates, less 20 per cent. off First and Second Class, and 10 per cent. off Third and Fourth to Capetown and Algoa Bay, and 20 per cent. off all classes to East London.

18s. 6d., Capetown and Algoa Bay.—Rails and Fastenings.

21s., East London.—Rails and Fastenings.

16s., Capetown and Algoa Bay.—Rails and Fastenings; in quantities of 4,000 tons and upwards.

18s. 6d., East London.—Rails and Fastenings; in quantities of 4,000 tons and upwards.

Special Arrangements.—Creosoted Sleepers.

20s., Capetown and Algoa Bay; 22s. 6d., East London.—For Locomotives and Railway Carriages, and parts of them, Bridge Work, Buildings (Stations, Workshops, Hut-work, and Sheds), Bricks, Baths, Castings, Cotton Waste, Cranes (Steam and Electric), Galvanized Iron, Glass (except plate), Hardware, Horseshoes, Iron and Steel, Lamps, Lime in Casks, Nails and Screws, Machinery, Rivets, Chains, Machine Tools, Pipes (Wrought and Cast Iron), Earthenware Pipes, Railway Signals, Railway Tyres, Stoves, Switchings, and Crossings, Spades and Shovels, Tank Work, Tools, Telegraph and Electric Light Poles and Material, Steel Wire, Wheelbarrows, Wheels, and Axles.

Heavy Lifts.—The above rates are for pieces or packages under three tons weight, for pieces or packages over three tons weight 2s. 6d. per ton extra (limited).

16s. 3d., Capetown and Algoa Bay.—Cement.

22s. 6d., East London.—Cement.

5s.—Minimum to Capetown, Algoa Bay, and East London.

XXXI.

NATAL.

AGREEMENT between the SOUTH AFRICAN CONFERENCE LINES and SIR WALTER PEACE (on behalf of the Natal Government) for continuance of the present freight contract* from the 1st June until the 31st December, 1904, all the conditions of which remain, with the following modifications:—

Full Cargoes of Rails and Accessories	16s. 0d.
Small Parcels of Rails	18s. 6d.
Goods Enumerated in Paragraph IV.	20s. 0d.

These rates to be *ex* ship, the Government paying the cost of Lighterage (if any), landing, sorting, and delivering, they employing the ship's Landing Agent, who is to be under the control of the Shipowner.

Goods not enumerated above are to go at the ordinary tariff rates for East London at the time of shipment, less 6d. per ton—which is the craneage paid by the shipowner at that port, and subject to the 20 per cent. reduction, as expressed in the Contract. These rates are also *ex* ship, the Government paying the cost of lighterage (if any), landing, sorting, and delivery, and employing the Ship's Landing Agent, who is to be under the control of the Shipowner.

Should arrangements be made with the Cape Government to give lower rates for East London, the same is to apply to Natal.

The Lines have the right to name the lines of steamers for the conveyance of parcels over 100 tons. Such steamers to be in suitable position.

* NOTE.—See contract entered into between the Conference Lines and the Crown Agents for the Colonies, dated 17th February, 1904.

XXXII.

BRITISH TRADE DEPRESSION.

CIRCULAR LETTER FROM W. J. CORDER, Esq.

THE SOUTH AFRICAN SHIPPING RING.

Sir,

The time has arrived when I feel that I may venture to lay before you some facts connected with the trade between Great Britain and South Africa, and ask your assistance in helping to do away with one of the most iniquitous combinations that has ever been formed. This combination of shipowners, known as the Donald Currie or Union Castle Conference Shipping Lines, is sucking the very life-blood of Britain's trade with South Africa, by giving to our great trade rival, the United States of America, such preferential rates of freight, that it yearly becomes more and more impossible for British manufacturers to compete successfully in their own South African Colonies (on which the Empire has spent so many thousands of lives and hundreds of millions of money), with the manufactures and products of the United States, which are displacing British manufactures to a most serious and alarming, and ever-increasing extent in these Colonies and Dependencies.

As the representative of some of the most important British Manufacturing Firms and Companies for the past 11 years in South Africa, I have had, and still have, exceptional opportunities of knowing what is going on, of seeing year by year, and month by month, American goods displacing British goods in this Continent. And not because British manufacturers cannot compete successfully with all comers IF ALLOWED TO DO SO ON FAIR AND EQUAL TERMS—my experience leads me to believe that they CAN do so IF given those fair and equal terms. No, Sir, the reason is to be found in the extraordinary fact that BRITISH SHIPPING LINES—Shipping Lines owned and controlled by BRITISH Companies, enriched and sustained and built up by BRITISH Commerce, flying the BRITISH Flag, and holding the BRITISH and SOUTH AFRICAN Government Mail Contracts, have established and are maintaining a fleet of Steamers to run between NEW YORK and the several ports of entry in South Africa to carry AMERICAN manufactures at LESS THAN HALF THE RATES OF FREIGHT THAT THE SAME BRITISH LINES CHARGE FROM BRITISH PORTS. EXTRAORDINARY, INDEED! And the more so when one remembers that the distance from New York to South Africa is something like 800 to 1,000 miles further than from British ports to the same destination, and consequently the cost of running the ships must be greater for the longer distance.

It would take too long to give the whole history of this powerful Shipping Combination, to detail how Sir Donald Currie first tied the hands of British Merchants and Shippers by inducing them to accept the Rebate System, followed afterwards by the amalgamation of the Union and Castle Steamship Companies, which were subsequently joined by the Bucknall, Clan, Natal Direct, and other lines—and only a few months ago these amalgamated lines compelled the Houston Line to come to terms with them and enter the "Ring." The combination having broken down all competition, is now too powerful to be brought to terms, except with the co-operation of the BRITISH and COLONIAL GOVERNMENTS. That such co-operation may be afforded to the benefit of the long-suffering British Manufacturer and working classes is devoutly to be desired. Unless by these or some other means the rates of freight between the United States and South Africa and between Great Britain and South Africa ARE AT LEAST EQUALISED, then we may confidently look forward more and more to a continuous decrease in the trade from Great Britain to South Africa, and a corresponding increase in the trade from the United States to South Africa. This is a matter which affects every man, woman, and child in Great Britain. First and foremost every British working man and woman is directly concerned, it is their livelihood—every British manufacturer is equally affected—British Merchants and Shippers also will find their returns continually diminishing, for Merchants in South Africa are now buying American goods direct through American Commission Firms in New York, and do not any longer pass their American Indents through London.

Every town and district in Great Britain will more or less directly feel the effect of the transfer of much of the trade to America. And, lastly, the British Government will also feel it in decreasing Revenue from Income Tax and many other sources, and in waning National Prosperity.

I have been some time in coming to the figures, but briefly they are these. Owing to the Donald Currie Conference Lines going out of their way in going to America to compete for the American carrying trade to South Africa, the rate of freight from New York to South African ports has been brought down to 15s. (fifteen shillings) per ton (measurement) on GENERAL Cargo (on lumber, grain, etc., I am informed even a lower rate than this can be obtained, but I will not take that into account as it is on General Cargo I am speaking, and in which Great Britain is principally concerned). That is the *Donald Currie "Ring"* Rate, then—15s. per ton for GENERAL Cargo carried in their own ships, carrying their own flag, and having their own name on the Bill of Lading—from New York to South African Ports, 800 to 1,000 miles greater distance than from British ports. Now, this self-same Donald Currie "Ring" charge from 31s. 3d. (thirty-one shillings and three pence) up to about 47s. 6d. or 50s (fifty shillings) for the SAME CLASSES of cargo from British ports to South Africa—and these enormously higher rates of freight are plus 10 per cent. (ten per cent.) for Primage from British Ports—whilst from America the comparatively insignificant rate of 15s. for all General Cargo IS WITHOUT ANY ADDITION FOR PRIMAGE or any other charge, and free of all restrictions of Rebate or any other condition. Sir, is any language too strong to condemn such an iniquitous state of affairs. Eight or ten years ago, the Union Company and the Castle Company (Donald Currie's) did the same kind of thing from German, Dutch and Belgian Ports. They sent their ships to Hamburg and to Rotterdam and to Antwerp, and took all the cargo they could get for South Africa, and then they brought the same ships to London or Southampton and took on board British cargo, which they charged at a considerably higher rate of freight than the German, Belgian, Dutch, Swiss, and Austrian cargo that they already had in the holds of the same ships. Owing to the exposure of these methods, or to the fact that the German Steamship Lines to South Africa were induced to join the Donald Currie "Ring," or from other causes, these lower freights from the Continent ceased after being carried on for some years, during which time these British Steamship Lines carried an enormous quantity of Continental goods into South Africa—firmly establishing German goods in these markets. Now these practices are being carried on in a GREATLY AGGRAVATED FORM by carrying goods from New York at *Less than half English rates of freight* as I have already explained.

I wonder what would be thought in Germany or America if a German or American Line of Steamships were to come to Great Britain and carry cargo from British ports at LESS THAN HALF the rates of freight they charge from their own countries. Such a thing would not be possible! Only Great Britain among the Nations would submit to such an iniquity.

Another query! Why do not the large and important Steamship Lines running from British Ports to Australia and New Zealand, and calling at South African ports, carry cargo for South Africa? Is it not because they have been informed by the Donald Currie South African Shipping "Ring" that such action on their part would mean the South African Shipping Companies starting Lines to Australia and New Zealand? By such means do our South African Shipping Companies keep British Commerce under their heel.

A fact! The United States of America have decided that the Rebate System (as carried out by the Donald Currie "Ring" in Great Britain to-day and for many years past) is illegal in the United States, and it has accordingly been abolished. If Great Britain were to do the same thing, it would remove one formidable obstacle to free trade in shipping freights, and one great source of the strength of the Donald Currie "Ring" that is throttling her trade to South Africa.

In addition to this, I see a cablegram from London of 2nd June, that the Elder-Dempster Line are carrying samples of Canadian manufactures

FREE from Montreal to South Africa by the Steamer "MONARCH" sailing on the 15th June. The "Monarch" has been fitted up as a floating Sample Room, and will visit Capetown, Port Elizabeth, East London, and Durban.

I notice from another cablegram of 31st May, from London, that Sir Robert Herbert, presiding at the annual meeting of the Union Castle Steamship Company, said that "The year's profits had been much reduced owing to the reaction which had taken place after the war." Would it not be more correct to state that the profits of the Company were reduced BECAUSE THEY ARE CARRYING CARGO FOR THE BENEFIT OF AMERICAN TRADE FROM NEW YORK AT A LOSS TO THE COMPANY -AT A MUCH GREATER LOSS TO BRITISH TRADE AND SOLELY IN ORDER TO COMPETE FOR THE AMERICAN CARRYING TRADE TO WHICH THEY (THE DONALD CURRIE "RING") HAVE NO RIGHT. Sir Robert Herbert, according to the cablegram, goes on to complain of "excessive competition," and states "that eleven Union Castle Steamers were laid up owing to lack of cargo." Now, seeing that the Union Castle Company have broken down ALL competition from British Ports to South Africa, it will be interesting to learn from Sir Robert Herbert WHAT competition he refers to! And as to the "eleven Castle Steamers laid up for want of cargo," I ask Sir Robert Herbert if he is not well aware that these eleven Steamers might all be well employed in carrying full cargoes of British manufactures from British Ports to South Africa, to the benefit of the suffering industries of Great Britain, but for the unpatriotic and despicable way in which the Donald Currie Shipping "Ring" is carrying hundreds of thousands of tons of American cargo to South Africa at LESS THAN HALF THE RATES OF FREIGHT they are charging for the shorter distance from Great Britain.

Sir, I have written sufficient to shew you something of the state of affairs. Here are these great Colonies and Dependencies for which the Empire has done so much, being exploited for the benefit, NOT of British, but of AMERICAN trade, by BRITISH Shipping Lines. And this, too, when trade is so depressed in the Homeland and so many tens of thousands out of work and wanting bread. I am fully aware that Messrs. Donald Currie & Co. will put forward their old arguments, viz., that they must charge high rates of freight because THEY CANNOT FILL THEIR SHIPS WITH RETURN CARGO. In reply I ask, "DO THEY GET FULL RETURN CARGOES TO NEW YORK?" Do they get as much return cargo to New York as they get to British Ports? Nay! Sir, I ask, do they get ANY return cargo for New York? That argument won't do. Then we shall be told that the Company pays only six per cent. dividend! I ask again, how many hundreds of thousands of pounds out of their profits have the Company spent in building their present magnificent fleet of Steamers, that must represent altogether a capital sum running into millions? No, Sir, we know full well that the rate of dividend declared does not necessarily represent the earnings of a Company like this. And then the Losses on the AMERICAN trade have to be taken into consideration—that unfortunate undertaking that has done Great Britain so much harm and is likely to do more unless steps are speedily taken to end it.

Sir, I have finished; I ask you to pardon the length of this letter because of the great importance of the subject to our common Country. I believe that this question of Freights and Shipping Monopolies is really the greatest commercial question before Great Britain to-day. I would mention, in conclusion, that there may be slight errors in my figures, but substantially my statements are correct, and the actual rates of the "Ring" freights from London and Southampton to South Africa can be verified by application to any of the large South African Merchants and Shippers in London and elsewhere. Practically every class of goods manufactured in Great Britain is involved in this question. As the principal firms that I have myself represented in South Africa for eleven years past are of world-wide renown, I give their names here to prove to you that my own experience in Great Britain and South Africa is fairly wide and that the matter on which I have addressed

you is of paramount importance to the Empire and more particularly to Great Britain.

I am, Sir

Your obedient Servant,
(Signed) W. J. CORDER.

Representative in South Africa for:—

ARCHIBALD KENRICK & SONS, LTD., West Bromwich.
PEYTON & PEYTON, LTD., Birmingham.

GEORGE GALE & SONS, LTD., Birmingham.

WM. HUNT & SONS, THE BRADES, LTD., Birmingham.

NEEDHAM, VEALL & TYZACK, LTD., Sheffield.

JOHN RABONE & SONS, Birmingham.

RICHARD COOPER & SON, Wolverhampton.

HENRY POOLEY & SON, LTD., Birmingham.

ENTWISTLE & KENYON, LTD., Accrington.

TOMKINS, PARSONS & CO., Bristol.

WESTLEY RICHARDS & CO., LTD., Birmingham.

KYNOCH, LIMITED, Birmingham.

HEPBURN, GALE, & ROSS, LTD., Bermondsey, S.E.

HENRY HOWELL & CO., LTD., Old Street, London, E.C.

13th June, 1904.

Brackley House,
75, Kotze Street,
Hospital Hill,
Johannesburg.

XXXIII.

ASSOCIATION OF CHAMBERS OF COMMERCE OF SOUTH AFRICA.

PROCEEDINGS OF THE NINTH ANNUAL CONGRESS.

JUNE 16th AND 17th, 1904.

SHIPPING FREIGHTS.

The Johannesburg, Port Elizabeth, East London, Pretoria, and Maritzburg Chambers had each given notice of a separate resolution on this question; but one resolution embodying the five resolutions was subsequently drafted by the General Executive Committee.

This resolution was as follows:—

That this Congress cordially approves of the action of the Transvaal Government in proposing to the Governments of the other South African Colonies an Inter-Colonial Conference of Inquiry into the question of sea freights between Great Britain and South Africa. That such Conference should endeavour to obtain:—

- (a) A reasonable, uniform and maintained rate of freight.
- (b) The insertion of a clause in any Contract entered into by the South African Governments with Shipping Companies, requiring the Contractor to carry at the same rates any other freight offered.
- (c) Legislation throughout South Africa (1) making it illegal for all Shipping Companies trading with this country to differentiate in rates as between one Shipper and another; (2) on the lines of the Elkin's Anti-Rebate Act of the United States of America, thereby abolishing the rebate system; and, failing this, (d) the recognition and introduction by means of legislation at all ports of South Africa of a sliding scale of special harbour dues, which dues shall be equivalent to the rebate, preference allowance or drawback direct or indirect of any description allowed by the Shipping Companies in respect to any particular cargo, which shall not be levied if proof is forthcoming on oath that no such allowance is being made.

This Congress recommends that arrangements be made for the issue of through bills of lading from British Ports to South African inland towns.

Mr. Hosken, who was called upon to move the resolution, said that the number of notices given regarding the question only proved the general interest taken in the question of Shipping Rates. Any arrangement which

would bring about a reduction in the payments meant so much retained for the aggregate benefit of South Africa. They were all desirous to see an end put to the present high rates. He pointed out that the freight question was different to every other regarding transportation, because the money paid for it was paid outside of the country. Anything that could be done, therefore, to lower the heavy charges South Africa had to suffer, was in the direction of adding to the material wealth of this country. The opposition which was being shewn on all hands to the Shipping Ring was due to the fact that it had become generally known that the Ring offered to Governments, Municipalities, and large corporations rates immensely lower than those ordinary traders had to pay. The position was obvious—either the goods for large corporations were carried at a loss, and the ordinary trader had to pay increased prices, or the low charges paid by Governments and others were payable charges, and Merchants were being fleeced. He mentioned that it was suggested to hold at Capetown—in October it was hoped—the Inter-Colonial Conference of Inquiry referred to in the resolution. He thought it was evident unless traders were put under reasonable conditions and protected, that the large corporations—apart from the Government and Municipal business would pass entirely from the merchants and be centralised into a few hands, and in connection with the Shipping Conference, the trade would become one great monopoly. They had to see to it that they protect themselves. Instead of the Shipping Conference being top-dog and overriding South Africa as they had done for many years, he thought that the position would be somewhat reversed, and although they, the people, did not want to be top dog, yet they wanted at least to be equal on the floor. There should be uniform rates between Great Britain and South Africa. They found that the Conference Lines were carrying to Durban at 16s., 18s., and 20s., but it would be found that the average rate worked out at 38s. 9d. per ton. The difference in freight charged to the ordinary shipper was 20s., per ton above that paid by the Government. Their trade during the last year came to 1,000,000 tons. On a very moderate computation 600,000 tons came from over sea by steamer. If the Government protected them by making a contract for that 1,000,000 tons so as to cover the whole shipments, South Africa would gain to the extent of £1,000,000 a year. A moderate uniform rate of freight would do much to bring about greater prosperity throughout the whole of South Africa. (Hear, hear.)

Mr. Chappell (Pretoria), who seconded, said that he hoped that the Transvaal would be unanimous to a man on this question. He was glad to see that the Natal Government had taken up the matter so warmly. He hoped the Cape Government would do so soon.

Mr. Woodhead (Capetown) moved as an amendment to Clause "A" that the words "uniform" and "maintained" be deleted. He pointed out that there would be competition so that they could not have both uniform and a maintained rate. Once a rebate system was done away with there would be competition and cutting of prices.

Mr. Hirsch (Port Elizabeth) seconded the amendment.

Mr. Chappell spoke in support of the resolution as proposed by Mr. Hosken, which, he said, was the nearest they had yet got to a solution of this question. He hoped that the whole Congress would be absolutely unanimous in passing the proposition which was now before them. (Applause.) The rebate system was a particular feature of the present arrangement, and they all wished to see it done away with. It would be obvious to everyone that the difficulty would be met if the Government of each of the Colonies entered into an arrangement with regard to a specific number of tons per annum, which would be carried at a certain rate, no matter for whom.

Mr. Henderson said that Mr. Hosken had based his estimate on the fact that the average rate of freight to Durban was 38s. 9d. per ton. He pointed

out that a certain class of goods were imported for 25s. per ton. Mr. Hosken had no means of finding out what the average rate to Durban was. He did not think that the average rate was anything like 38s. 9d. per ton, because a great deal of stuff imported was heavy stuff, and it was carried at the lowest rate. Clause "A" as it stood could not be carried out, and Clause "B" was not likely to be effective either. The real people who were suffering were not the South African public, but the British manufacturers at Home. They were being shut out of the South African markets by high rates. They could not compete fairly with America and Germany. He thought Clause "D" was a very objectionable principle to bring into the matter. They had been trying to do away with differential rates. The only way to deal with the Shipping Ring was by the passing of a measure on the lines of the Elkin Act in America. The Governments of all the South African Colonies must unite in the matter, but they must also have the help of the Imperial Government.

Mr. Mason thought it could be said that the Shipping Ring was in danger. It was only by the united action of all the Governments concerned that any permanent good could result. He agreed with Mr. Henderson in regard to all the Governments taking united action. It would have to be united, on the part not only of the various Governments of South Africa, but the British Government as well would have to assist them in the matter. He fully approved of the adoption of such a measure as the Elkin Act.

Mr. Greenslade (East London) said that there seemed to be unanimity of opinion on the general principle, and that the only difference of opinion was as regards the remedy to be adopted. He thought the proposal "D" would be difficult to work.

Mr. Price said he would like to have more information on Mr. Hosken's scheme. He did not see how his scheme could be worked. The figures he had given could be easily refuted by the Shipping Companies.

Mr. Stephen (Capetown): No one has worked harder against the Shipping Combination than the President, and I think we might hear what Mr. Jagger's views are. (Applause.)

The President: I gave my views in my opening address. I have nothing more to add.

Mr. Wiener said that Mr. Hosken proposed to put the whole commercial community in the hands of the Governments, who generally contracted badly for themselves. He would be very sorry to have to follow them. He questioned the wisdom of letting the Governments do the contracting for the people.

Mr. Beckett (Pretoria) thought with Mr. Jagger that their best safeguard was in their harbours.

Mr. Hosken, replying to the discussion, explained his proposed line of action. He said that the Governments of South Africa had at present an arrangement with the Shipping Conference that provided for freights at 16s., 18s. 6d. and 20s. Those were the three classifications without any extra charges being made for the weights. Therefore there was considerably more difference in the rate stated, because a lot of heavy Government traffic—bridges, long rails, and so forth coming under ordinary merchant conditions—would come under special charges for heavy lifts. He might say that he was of the same opinion as Mr. Wiener, that the Government representatives did not as a rule shew unusual business acumen, but in regard to freights they had obtained some pretty good lines, and any merchant in South Africa who could beat them would deserve all the praise which could be given to him. With such large quantities of freight to place, the Governments were in a very strong position, and were able to secure rates which could not be secured by

any shipper or combination of shippers. He thought it must be said to the credit of the South African Administrations that they had assumed the position that they would only take a temporary contract. They could not expect a Conference such as theirs to be unanimous because some of them were in one way or another variously interested. They saw the great ease of the Government making a contract with the Conference Lines for 80,000 or 100,000 tons and got the rate dropped by 50 per cent. The idea was that the Government should arrange their freight so that the whole Colony could thereby have one great contract for the freight of the Colony, and it was evident that when steamship companies for 12s. 6d. would carry for one Colony they would carry for all. The Natal Government had an offer from Messrs. Houston at 12s. 6d. per ton *ex ship* Durban. Now, if any merchant firms in South Africa could get that figure in making freight arrangements, he thought they deserved all praise. If Governments had to handle these matters they would be able to bring about the desired result; by the Governments' commanding position they would get rates below those possible to any ordinary shipper or combination of shippers. He thought no Administration in South Africa intended to have a rate that was not a paying rate, and it was evident that a rate of about 16s. per ton was a paying rate. When they were discussing the matter before the Transvaal Legislative Council the Government received from a great shipping combination in London an offer to contract for twelve months to Durban on a basis of 40,000 tons at 20s. per ton, showing plainly that the freights now charged were far beyond what they should be. His proposal—the proposal which the Transvaal Government would bring before the Conference which was to be held—was that the Government should arrange for the freight of the whole country, and there should be one great contract covering the trade of the country. It was quite evident that if the steamship companies could carry for 16s. a ton for the Government they could do it for all, and the Transvaal Government had expressly said that it would not accept a freight rate which should be less than that charged to the general body of shippers.

Mr. Chappell: May I ask whether the position will not be met by the Government entering into a contract with a clause making it obligatory for the shipping company to carry any other freight which might be offered for the Colony at the same rate?

Mr. Hosken said that would be one method of working it. It would be one of the points for the Conference to decide. The proposal was that there should be one great contract for the whole of South Africa, and the shipping combine which was most likely to take it was the Shipping Conference, which had splendid ships and everything that was necessary. Mr. Chappell's suggestion would amount to the same thing. This appeared to him to be the only solution of the problem, as it was difficult to get British merchants to take up a local question such as this. He maintained that the South African States had a right to provide by legislation for equal rates, as had been done by the Australian Colonies. The proposal that they now put forward, that the Governments should act as Importer and Contractor on behalf of the whole country, would bring about that economy and continuity of rates which they all so much desired. (Hear, hear.)

Mr. Woodhead: If the Government made a contract, would it be binding on all Importers in South Africa?

Mr. Hosken: The rate would be so low that there would be no room for another shipper.

Mr. Woodhead's amendment to delete "uniform and maintained" was defeated.

The resolution was adopted. Clause "B," upon being put singly, was carried unanimously.

BILLS OF LADING.

The following resolution was then put and carried :
"This Congress recommends that arrangements be made for the issue of
through bills of lading from British ports to South African inland
towns."

LETTER FROM EDWARD LLOYD, OF THE BUCKNALL LINE, TO
DOUGLAS OWEN, ESQ.

23, Leadenhall Street,

London, E.C.,

July 29th, 1904.

Dear Sir,

Referring to the conversation at our interview with you yesterday, I have now the pleasure to enclose a copy of the extract from the South African "Colonist" (published in Natal), of June 24, from which I read to you. It has, I think, an important bearing on the present controversy.

I think you may also be interested to read "Fairplay," of June 16th, pages 945/7 (marked), where there appear to be some pertinent observations on the subject of South African Freights, and on the reasonableness or otherwise of making comparisons in the rate of freight for a coal cargo with the rates of freight, which might reasonably obtain with a general cargo collected on the berth at various ports, having in view the conditions essential to the carrying on of this general cargo business, by regular lines of steamers, which must sail at fixed dates of departure, full or not full, the steamers being of the highest class, so as to command the lowest rates of insurance upon the valuable cargo shipped in them, and of a speed considerably above the speed of tramp steamers, in order to satisfy the requirements of the Governments and the Merchants of South Africa, for the expeditious transit of their goods. I feel sure these different and onerous conditions will not be overlooked in weighing the merits of the very different service which is required of the Conference Lines in contrast with the voyages of tramp steamers working at lowest rates of freight.

I was interested in the reference you made yesterday to Mr. Birch-
enough having reported on the transference of orders to America from this country in consequence of the lower rates of freight, I think you had probably in your mind page 65 of the Official Report, but I venture to submit that the conclusions there arrived at are rather of an academic character, for I fail to find any substantial evidence that the difference in rates accounts for the rapid growth of American trade with South Africa. As a matter of fact, from the evidence before us in the manifests of cargo, and by general statistics, there would not appear to be any rapid growth of American Trade in goods competing with this country during the period that these lower freights from America have been in existence. It is, on the other hand, significant that the great development of American trade took place at a time prior to the low rates ruling, when the freights from America on manufactured goods, such as are produced in this country, were not lower, but were in many cases higher than the rates from this country. Even in regard to the freight on stoves quoted in page 65 of the Report, the same figures are not applicable at the present time, for the rate from America is 15s. per ton, instead of 10s. per ton, and the rate from this country by the cargo steamers is 31s. 3d. per ton instead of 32s. 6d. per ton. This difference in figures will dispose of the alleged advantages of 1s. to 1s. 6d. per stove, which the Report states operated in favour of the landed cost of the American stoves. But I submit it would be difficult to demonstrate that even a difference of 1s. to 1s. 6d. in the landed cost of the stove would incline the importers to order American stoves rather than the Scotch stove with which the comparison is made. Other conditions which appear in another part of the Report, which you may remember was read by Mr. Mirrieles, would be more likely factors to account for the ordering of American stoves.

Your attention was directed to the fact that the lower rates from America were entirely the result of an opposition in the trade, which exists at the present time, and until this opposition is disposed of, it is difficult to appreciate in what way the adjustment of rates from America can be effected. If the Colonial Governments would protect the Conference Lines from these occasional oppositions, no doubt the parity of rates could be maintained between New York and this country, to the satisfaction of all parties, but so

long as the ocean traffic is open to all comers it is inevitable that these occasional disturbances must occur. The low rates from America, so long as they continue, are far more disastrous for the Steamship Lines than for any effect they can have upon any specific trade from this country. It would not be too much to suggest that when the Steamship Lines have to face the abnormal competition of an opposition, the British manufacturer, if he is really concerned, should pull himself together to counteract the temporary disadvantage of the lower American freights by lowering the cost of production for the time being. I do not think, however, that it can be demonstrated that the British manufacturer has suffered a loss of orders to any appreciable extent by reason of the incidence of the freight rates alone, and it would not be fair to the Steamship Lines for parties to jump at conclusions touching the freight rates, without taking into consideration the extent to which other causes may be responsible for the orders going to America, such as a difference in first cost of the goods, and the methods adopted by American exporters for effecting sales. (Vide Mr. Birchenough's Report, page 155, "General Remarks.")

A suggestion is made in South Africa that the rates to Merchants should be brought to the level of the rates which apply in contracts made between the various Governments and the Steamship Lines, but it will be obvious that such a suggestion can find no support under the ordinary principles of commerce, and it would involve the Governments concerned voluntarily electing to pay higher freight than that which they have obtained, and can obtain, by reason of the magnitude of their shipments and other considerations which need not be gone into.

Upon what just grounds can the Governments of South Africa claim to interfere in the freedom of contract which should apply in dealings between shipper and shipowner? Some warrant may be urged for the interference of Government on the ground that the rates of freight, by reason of a monopoly, were excessive, consequently detrimental to public interest, but in the present case there is no monopoly, and the rates are not excessive, as can be determined by reference to, or investigation of the results attending these rates of freight so far as the Steamship Lines are concerned. As was, I think, stated to you yesterday, by more than one of the parties present, and certainly speaking for my firm, it can be shewn that at the present time the barest margin exists when conditions of the voyage are favourable, to meet depreciation and debenture interest, and it is quite out of the question to look for anything like a return by way of dividend upon the share capital, until there is a considerable improvement in the freight earnings of the steamers. I refer more particularly to the cargo lines.

The present agitation in South Africa has apparently arisen through a misconception of the facts, and this misconception may be accounted for in two ways: Firstly, to the action of interested parties, such as outside shipowners endeavouring to get a footing in the trade and fomenting trouble to that end, or shippers endeavouring to force lower rates of freight regardless of the equity of the position; and, secondly, to the fact that comparatively low rates or fighting rates ruled for so long in 1902 and 1903, as to have conveyed a sort of impression that such low rates were normal rates, and should be continued, ignoring altogether that they were fighting rates, which should be discontinued when the fight ended. This is the explanation of the higher level of rates now from England than ruled in 1902 and 1903, during which time the shipowners lost enormous amounts, and presumably the Colonies benefitted thereby, whereas at the present time in the freighting business from New York to South Africa the fighting rates are in existence.

We have no subsidy, and no monopoly, and no preference whatever in our shipping business with South Africa, but the Governments in South Africa, from time to time, put their freight requirements in the open market, and it is in open competition that the Conference Lines get the carrying of the material.

There is one other point which seems to perplex the minds of South African shippers in this freighting connection, and that is what is known as the Rebate System. I would refer you to the remarks of Mr. Birchenough hereon. He writes as follows:—"With regard to the Rebate System, it is in operation in other markets, and is not peculiar to South Africa. If they (i.e.,

the Conference Lines) are to provide adequately for the future, they must have some security for the continuity of their business, and the only way to obtain it is by binding their customers to them. The Rebate System prevents the cutting of rates, and is to that extent as much a protection to shippers as it is to them."

Mr. Birchenough, in his summary of General Suggestions, lays stress upon uniformity of British and Foreign Freights, and again in page 63, speaks as follows :—

"I believe a majority of traders are agreed that uniform rates of freight are desirable. There is no wish to see unlimited competition with constant uncertainty as to prices they will have to pay."

The Congress of South African Chambers of Commerce held in Kimberley in January, 1903, expressed the desirability of uniform and maintained rates of freight. Various Chambers of Commerce have spoken likewise. The only machinery, or means known to Steamship Lines, to give effect to these wishes, as much in the interests of shippers or merchants as of the steamship owners, is in the application of the rebate system. This system is calculated to prevent the disturbing effects of a spasmodic, or casual, or ineffectual opposition, and it is undoubtedly largely owing to the suspension of the Rebate System in America, that the present opposition can find its limited sources of support. This opposition barely dispatches one steamer per month, regardless of advertised dates, yet it affects to call itself a regular line, and so long as there are certain shippers always in sympathy with an opposition, and are unrestrained by a rebate system, they can by encouraging such opposition, no doubt to their own individual advantage, bring about chaos and disturbance in the trade, to the detriment and inconvenience of other merchants. The Rebate System is not peculiar to the South African trade, but it is in vogue in all the great trades of the world, and is recognised and approved by the collective body of merchants, notwithstanding the objections to it by individuals seeking to turn any sort of guerilla opposition to serve themselves. If the Rebate System is abandoned, there is no alternative suggestion for maintaining uniform and stable rates of freight in the South African trade, unless perhaps, the Colonial Governments can see some way of leasing the rights of the ocean to certain shipowners and undertaking to keep away the disturbing elements involved in an opposition!

I am afraid I am wearying your patience by these lengthy remarks, but as I gathered you were willing to receive any observations which might assist you to get acquainted with the subject matter coming before the Conference, I have ventured to write upon what I considered to be the salient points likely to be handled as bearing upon the Steamship Lines.

I do not know the objects for which the Conference is convened, nor whether it is contemplated to come to any conclusions at that Conference upon the evidence or statements which may be made, but inasmuch as these statements or evidence must necessarily be of an ex parte character, and seeing that the Steamship Lines concerned are not invited to express views thereat, I presume it goes without saying that no decision in any matter affecting the Steamship Lines will be taken without giving full opportunity to correct misstatements, and to refute allegations and charges which cannot be substantiated. From reports which we have received from South Africa, it would seem that statements of the wildest character, and figures and statistics with completely fallacious application will be offered at the Conference, hence my concern in these last remarks.

I am, Sir,

Yours faithfully,

(Signed) EDWARD LLOYD.

XXXV.

THE FACTS DISSECTED AND IMPARTIALLY REVIEWED FROM
THEIR DIFFERENT ASPECTS BY DOUGLAS OWEN, ESQUIRE.

HEADS CONSIDERED

	Page.
Preliminary Notice	91
I. Shipping Rings and or Conferences generally	91
II. How Rings operate to create a preference for Foreign Trade	92
III. The advantages of Shipping Rings from the Merchant's point of view	92
IV. The South African Shipping Conference	93
V. The Conference Liner's preference to German trade ...	93
VI. Co-operation of the German State Railways with the German Bounty-fed Steamers	94
VII. The Conference Liner's Preference to American trade ...	95
VIII. Carriage of English goods to South Africa <i>via</i> New York ...	96
IX. To what extent the South African demand for American goods is attributable to the Preferential Freights from New York	96
X. Are the present Conference rates of freights too high ? ...	97
XI. The difference between steamers chartered to carry coals or rails, and steamers loading general cargo on the berth	98
XII. The position of the Crown Agents and Agents-General <i>re</i> affreightment	99
XIII. The Crown Agents and the British South Africa Company ...	100
XIV. Mail subsidies—Can they be used as an anti-Conference lever?	101
XV. The complaints summarised	101

THE CONFERENCE SYSTEM AND ITS EFFECTS ON THE SOUTH AFRICAN COLONIES.

NOTES.—In the following observations no attempt is made either to present the Conference System in a new light or to propose solutions of the problems which attend it. There is, indeed, little as regards the facts which has not already been said. What is attempted as a first step is to review the principal aspects of the subject separately, sufficiently, and with absolute impartiality.

I.

SHIPPING RINGS AND /OR CONFERENCES GENERALLY.

The primary and professed object of every Shipping Ring is to obtain, by combination, freights which will remunerate Shipowners: freights by Shipowners termed "reasonable." As will be shown in its place, such combinations are by no means necessarily opposed to the interests of the Merchants whose business the Conference aims at securing. For while Merchants certainly desire low freights they greatly dislike the "ups and downs" of a fierce contest between the "Liners," or regular traders, and the Tramps, or casual steamers, which struggle to secure a share of the Liners' trade. Fights of this kind are always more or less in progress throughout the world. The regular liners continue to crush the competition of interlopers, with the result that freights are sometimes knocked down to almost nothing in the struggle. Sometimes the opposition is crushed out, sometimes bought off, sometimes settled by the admission of a too powerful antagonist to the Ring, either unconditionally or on payment. There is then a tendency to revert to the pre-competition rates, plus such an increase as shall indemnify the Ring for the loss sustained during the contest. If the high rates be indefinitely maintained, the Ring is apt to become an instrument of mercantile oppression.

The initiation and maintenance of the Ring is, of course, dependent on the support of the Merchants. The support is commonly secured by a system of cash abatements or "Rebates on the freights paid by the Merchants to the Ring." Steamer Rings and Sailing Vessel Rings may exist side by side, but as a general rule goods for which there is no hurry go by sailing vessel at a low rate, while other goods are sent by steamer. Steamers, with their great fuel consumption and costly engine-room equipment, are naturally more expensive to run than sailing vessels.

The Rebate system is usually on the basis that at stated intervals, say six-monthly, a balance shall be struck, and each shipper shall then be credited in account with 5 per cent. or (more commonly) 10 per cent., or sometimes 15 per cent., on the total amount of freight paid by him during the previous six months; actual cash to be paid to him at the end of another nine months if he shall meantime have continued to support the Ring. A single instance of shipment by an outside steamer involves forfeiture of the rebate on all the freights both during the six and the following nine months. As the amount at stake may easily, in the case of large shippers, run into several thousand pounds, it will be seen at once that the Shipowners have in this system a powerful lever on the loyalty of the Shippers.

Many Rings are at the present time in active operation more or less closely on the above lines. There is, for example, the Eastern Ring, with the P. and O. Company at its head; the Australian Ring; the River Plate Ring; the West African Ring; and so on. In each case the history was no doubt the same—a cut-throat competition between the Shipowners on the one hand, and great disorganisation of Merchants' business on the other. But the operation and scope of a Ring must needs be confined to a trade between fixed termini, and the angry and defeated "outsiders" are left free to carry at low rates between the Ring-secured centre and other termini. This procedure, as will now be shown, sometimes operates most prejudicially on British trade.

II.

HOW RINGS OPERATE TO CREATE A PREFERENCE FOR FOREIGN TRADE.

Such preferences are frequent. For a period of some three years, for example, during a freight war between the United Kingdom and Australia, goods were carried from New York to Australia at 20s. per ton less than from the United Kingdom. Notably, much American-made paper was thus introduced into the Australasian Colonies. Again, produce was at one time carried from China to New York at 20s. or 30s., according to severity of the competition, when the rate from China to London was 50s., less rebate, 10 per cent. Similarly, goods were carried from Antwerp via London to the Far East at 10s. less than from London direct. Cotton goods were sent by casual steamers from New York to Shanghai at 27s. 6d., versus 50s. from Liverpool, with the result (1893-1899) that American trade with Shanghai increased 197 per cent., as against a British increase of 6 per cent. The evidence given before the Shipping Subsidies Commission contains many such instances.

When the objectionable trade develops or becomes a thorn in the side of the Conference or Ring, Ring steamers are put on to run the outsiders off the road, and the foregoing instances are probably all more or less cases of freight-war thus arising. Preferences to foreign as against British trade are, of course, highly objectionable (as will presently be shown), but against this the Ring System offers to merchants advantages which are substantial.

III.

THE ADVANTAGES OF SHIPPING RINGS FROM THE MERCHANTS' POINT OF VIEW.

A condition of the freight market which gratuitously introduces into commerce conditions of speculation and uncertainty is greatly opposed to the interests of merchants. A merchant makes a contract for future delivery on the terms of "cost, freight, and insurance," and finds when he comes to ship the goods that a rise in freights has destroyed his profit, or that a fall in freights has enabled a rival to cut him out. Or he finds the value of his stock falling day by day, owing to importations at declining rates of freight. Or, having by good luck or good judgment placed an order 5s. a ton below the market rate, a drop next day of 10s. a ton in freights puts his trade rival in a position better still. In addition, a freight war which knocks down freights to nothing tempts into his market new traders, who, having no fear of rebate,

forfeits to restrain them, are able to carry a new war into his camp, with possibly permanent results. Therefore, merchants abominate instability in the freight market, and will put up with a good deal in order to be secured against it. One of the biggest and best-known South African shippers the other day described the South African Shipping Conference as "an insurance against uncertainty," and without doubt this is the light in which many view it. Merchants have, however, at the same time to admit that whatever the origin or advantages of a Ring, sooner or later the time comes when the Shipowners are on the look-out to give another turn to the screw in order to increase their profits. In addition, when trade is brisk and the Conference tonnage insufficient for it, merchants are apt to find their goods shut out and left upon the quay, whilst the risk of loss of rebates renders them powerless to ship by outside vessels.

Having thus cleared the ground by considering

- (i.) Shipping Rings or Conferences generally;
- (ii.) Their effect in creating a preference for foreign as against British trade;
- (iii.) The advantage of Rings from the Merchants' point of view;

we can proceed to a review of the principal aspects of the South African Shipping Conference.

IV.

THE SOUTH AFRICAN SHIPPING CONFERENCE.

The Conference was instituted probably some twenty years ago as the consequence of severe competition, equally disastrous to the Shipowners and disconcerting and inconvenient to the Merchants. In the evidence before the Shipping Subsidies Commission, Mr. Garland Soper, Chairman of the African Merchants' Committee, stated that on the whole the Conference had worked well. Up to 1892 the rebate was 5 per cent. Various questions having arisen for settlement between the Merchants and Shipowners at the close of that year resolutions were passed and exchanged between the two parties; and early in 1893, at a joint meeting held in London, certain conclusions were arrived at, to which effect was given by a formal compact or Agreement. This compact was on the basis that the Merchants on their part should give their entire support to the Conference Lines, in consideration of the following conditions undertaken on the part of the Shipowners, namely: -

- (1) Revision of rates of freight.
- (2) Increase of Rebate to 10 per cent.
- (3) Protection of Merchants against irregularities caused by competition of outside Steamers.
- (4) No shipments of cargo on shipowners' own account.
- (5) Increased regularity of sailing.
- (6) Provision of sufficient homeward tonnage in the homeward cargo season.

On the 27th January, 1898, the 1893 Compact was re-affirmed; and at the present time (though the rates of freight have now and again been readjusted) it still remains in force. As in the case of the Shipping Rings or Conferences, one of its by-products was the creation of a preference to foreign as against British trade. British manufacturers and merchants have complained bitterly, and still complain, that the Conference affords the German and American manufacturers rates of freight to South Africa markedly lower than those current between England and South Africa. The preference to Germany and that to America are, however, by no means on all-fours, and it is necessary to consider them separately.

V.

THE CONFERENCE LINES' PREFERENCE TO GERMAN TRADE.

Until the year 1894 or thereabouts, German steamers from Hamburg, Bremen and Antwerp (to which ports goods could be cheaply sent from the United Kingdom) waged war on the South African Conference. In the early

days German and other Continental goods, no doubt came to London for transhipment to South Africa. Presumably the creation of German Bounty-fed lines led to direct communication between German Ports and South Africa. Partly no doubt on this account, and partly because the German (subsidised) rates were prejudicial to the Conference, the Conference determined to carry war into the German camp. For several years the contest was fierce, with great advantage to German manufacturers, whose goods were carried to South Africa at considerably below the rates paid by British manufacturers. The position was aggravated by the fact that the Conference steamers, after taking on board Continental cargo at the freight-war rates, proceeded to fill up at British Ports at the full Conference rates. In or about 1894, however, peace was arrived at between the German and the Conference Lines— to all intents the German Lines joined the Conference. It was, however, agreed that the fusion should not deprive the German steamers of the privileges afforded to them by their relations with the German State Railways. Whether the effect and force of this stipulation was at the time appreciated by the Conference or not, the fact remains that it had and is having consequences highly prejudicial to British trade. The circumstances being both complex in themselves and also the occasion of much popular misapprehension, it will be well to understand them clearly.

VI.

CO-OPERATION OF THE GERMAN STATE RAILWAYS WITH THE GERMAN BOUNTY-FED STEAMERS.

Many or most of the important German Railways are State property, and the State runs them with the deliberate intention to foster German trade and shipping. To the same policy is due the German Ship-Bounty System, under which German Steam Lines are paid large sums by the State. It is affirmed, for example, that the bounty to the North German Lloyd Company pays the shareholders' dividends. Steam Lines so fostered are (apparently) expected by the State to devote, if so required, a portion of their bounty to the reduction of freights on German goods; and it is therefore almost as a matter of course that we find the State Railways and the Bounty-fed South African Lines co-operating in this sense.

It is necessary at this point to understand the difference between the ton weight (2,240lbs.) and the ton measurement (40ft.). A package measuring about 3ft. 5in. each way—i.e., a 3ft. 5in. cube—yields a ton of 40ft. There is, or may be, in practice, a vast difference between the two tons. It is easy to imagine, for example, a ton measurement which gives only 2ewt. in weight. A lightly constructed electrolier, for example, might require a 3ft. 5in. case to contain it and its packing, and yet the whole thing weighs only 224lbs. Now, it is the right of the Conference Lines (probably it is a common shipping right) to decide, as regards every shipment, whether the freight shall be charged on measurement or on weight. Clearly, in the case put, the shipowners would elect to charge on the ton measure, as it would give them ten times as much as a charge on the weight. The Conference Lines might well assume that the German Lines would be no more likely than themselves to charge in such a case on weight. But while shipowners know both the ton weight and the ton measurement, railways charge on weight and not on measurement. Consequently a German manufacturer, wishing to despatch goods, say, from Dusseldorf to Durban, via Hamburg, under a "through" bill of lading, gets the through freight charged on weight. The State Railways charge on weight and the Bounty-fed Steamers follow suit. Exactly in what way the Railways and the Steam Lines adjust the matter between them, remains a secret of the State, but as to the facts there seems to be no doubt. The result of the system, in the electrolier example, would be that the package would pay for the ocean journey *per se* only one-tenth of what it would pay if not carried under a "through" bill of lading—plus, of course, the State Railway charge, probably insignificant. In his evidence before the Merchandise

Marks Act Committee, Mr. Clarke (2, 3075) furnished some remarkable illustrations, thus:—

	A	B	C
German Weight	1 T	1 T	1 T
English Measurement	5½ T	1½ T	1½ T
German Charge	£6 13 0	£1 6 4	£1 6 0
English Charge	10 15 9	2 11 0	3 4 9
Difference	£4 2 9	£1 4 8	£1 18 9
German saving per ton	15/-	49.5	23.9

the English rate being in each instance 40s. per ton of 10ft. measurement.

The facts in such cases are much misunderstood, and blame for them is roundly cast on the Conference. But it is difficult to see in what way the Conference is to blame. The Conference is itself punished by the system, which forces into German steamers goods which might otherwise be carried by the Conference. If the German State chooses to lighten the charges on German goods at the expense of the National Purse, England has apparently neither the right nor the power to object. The Conference does, indeed, appear to have protested to the British Government against such an "unfair" preference on the part of the German Authorities, but without result. It is, indeed, not easy to see how the practice can be stopped or neutralised—unless possibly by some countervailing discrimination in South Africa.

VII.

THE CONFERENCE LINERS' PREFERENCE TO AMERICAN TRADE.

Up to 1894 (?) the only direct communication between the United States and South Africa was by sailing vessel. An assault was then made on the trade by steamers. It is stated that four of the Conference Lines took part in it, whether as the beginners of the attack or to crush an earlier line of steamers does not appear. In or about 1901 the German "Hansa" Line put on a monthly service in opposition to the Conference Steamers. The opposition was so far successful that the Hansa Line was admitted to the Conference. Next, in or about 1902, the Houston Line and the Prince Line made an attack on the Conference in America, the Houston Line also attacking it in England. The war raged fiercely, with starvation rates of freight, till terminated in January, 1904, so far as concerns the Houston Line, by the Line's admission to the Conference. The Prince Line is still fighting for admission, with what prospects of success it is difficult to say. During these epochs of ruinous competition, freights were knocked down to one-half or one-third the rates from the United Kingdom to South Africa. No exact comparison of the rates is practicable, for whereas the English rates vary according to the class or category of the goods, ranging, say, roughly, from 20s. to 50s., or thereabouts, the American rate of, roughly, 15s., is for goods of all classes alike. It has, however, been stated, correctly or otherwise, that the highest (most dearly charged) class of goods is not shipped from America at all. Without any question, the effect of this low freight from New York to South Africa has had a very prejudicial effect on British trade. For not only has it tempted American Manufacturers to push a trade in South Africa, but even English merchants have bought in New York, etc., for shipment to South African Houses. No doubt, therefore, American products have increasingly found their way into South Africa, and it is the Conference which is saddled with the entire blame. But not, as will presently be shown, quite justly. Before dealing with this aspect of the subject, however, there is another point to consider, namely, the alleged shipment of British goods to South Africa by way of America, as being cheaper than by shipment made direct.

VIII.

CARRIAGE OF ENGLISH GOODS TO SOUTH AFRICA VIA NEW YORK.

It is cited as a flagrant proof of the heaviness of the Conference rates from the United Kingdom to South Africa, that goods are shipped as above stated, in order to effect a saving in freight. Such assertions should, however, not be too lightly accepted. No doubt steamers from Liverpool to New York, having little or no cargo, might be found to carry goods to New York at purely nominal rates. But any merchant contemplating such a shipment, as part of a process of getting his goods to South Africa, would know that whilst he would save in freight he might easily lose in other ways. Transhipment at New York would mean all the risks of rough handling, breakage and pilferage incidental to the process, as well as the delay of the double voyage, and in the New York sheds. It seems probable that the merchant, in most cases, on thinking the matter out, would come to the conclusion that shipment by sailing vessel direct to South Africa, while just as cheap or cheaper, would take very little longer than the American double voyage, without its disadvantages. If any such cases have occurred at all, they are probably quite exceptional.

But it is pointed out that the transhipment risks, as well as much of the delay at New York, need not in fact be incurred, seeing that at the present time the Prince Line is offering to carry cargo from Manchester to South Africa via New York, without transhipment. But it is significant that the lines' offer is only to carry a small quantity of cargo ($130-160$ tons of galvanised iron). It seems, indeed, that the Manager's object is less to obtain cargo than to give a handle to popular clamour against the Conference, with which he is at open war. Otherwise, why offer only to carry a *small quantity* of cargo? It suggests itself as a possible explanation that it may be that Steamers arriving in New York in ballast, to load, pay port dues on only a nominal basis, and that a small quantity of cargo (in proportion to the ship's capacity) may be carried by a vessel otherwise in ballast without making her liable for the full dues paid by laden vessels.

Having seen that American goods are carried from New York to South Africa at less rates than similar goods from England to South Africa, greatly to the prejudice of British trade, it remains to consider how far the sale of American goods in South Africa is due to such preferential freights, and how far to other causes.

IX.

TO WHAT EXTENT THE SOUTH AFRICAN DEMAND FOR AMERICAN GOODS IS ATTRIBUTABLE TO THE PREFERENTIAL FREIGHTS FROM NEW YORK.

One of the first points to notice in this Enquiry is that American manufactured goods, until the establishment of direct steamers between America and South Africa, were sent to England or to Germany for transhipment. As so imported into South Africa they were classed as British or German goods. These goods, on the introduction of direct steamers from America, appeared in the trade returns under their true national character, thus creating an appearance of a sudden growth of American trade. It is also probable that in the case of American, as of other foreign goods, the Merchandise Marks Act, necessitating the disclosure of the origin of foreign goods, caused American goods, till then obtained through London merchants, to be ordered from the States direct. Shipowners, moreover, affirm, whether justly or otherwise, that while the imports from the United States are mainly foodstuffs, canned foods, maize, and furniture, or implements made of woods peculiar to America, the whole of these being non-competitive wares, the chief importation of American manufactures in competition with Great Britain took place when there was no freight war and no competitive or preferential freights. And the present trade in goods which are competitive, shipowners declare to be insignificant. All of which may or may not be true. But whether true or not, there can be no doubt that the mild statements that the consumption of American wares in South Africa is mainly if not entirely due to preferential freights, are grossly exaggerated. American goods—boots and shoes, tools, locks, clocks,

"notions" of all sorts, reapers and agricultural implements are pretty freely marketed in Great Britain, the fact that they start with the handicap of freight and landing charges notwithstanding. It is needless here to detail the causes of the popularity of American goods in South Africa: Mr. Birchenough's Report does ample justice to the subject.

But to suppose that lower freight has much or practically anything to do with lower retail prices is, where goods of small dimensions are in question, greatly to misinterpret facts. Boots, for example: How many pairs go to the measurement ton - 500 or 1,000? But a freight saved of even 12s. a ton is only a penny a pair on 500, or ½d. a pair on 1,000 pairs. How can a penny a pair affect the shop price of a pair of boots, whether sold at 7s. 6d. or 17s. 6d. the pair? And similarly with soap and clocks and tools. Mr. Birchenough (p. 65) makes rather a strong point of 1s. or 1s. 6d. finally saved on American as against Scotch stoves. He omits, however, to mention the sale price; and if this was (as would appear from p. 103) about £1 per stove, 1s. 6d. per stove is not such a saving as would greatly weigh with a purchaser buying a stove to suit his own taste and needs. But Mr. Birchenough seems (on p. 103) to put down the popularity of the American stoves to causes quite other than an unimportant saving in freight. The fact is that Americans, by their up-to-date machinery and methods, are able in many directions to cut us out: to supply certain goods "F.O.B." at prices below our own. On the facts, therefore, it seems incontestable that no mere difference or saving in the rate of freight can, so far as consumers are concerned, materially affect the purchase of American goods. There is, notwithstanding, always this to be remembered, that while a saving even of 20s. or 30s. a ton in the freight may have no effect at all on the sale price of retail goods, it may quite possibly be an inducement to wholesale importers by "stocking" American goods to put 20s. or 30s. a ton into their own pockets especially in instances where the superiority of packing effects a further saving by providing greater immunity from breakage-loss. Still, wholesale importers must feel sure of a demand for their wares, and in the absence of such a demand 20s. or 30s. a ton saved in freight would not greatly weigh with them.

Finally, if we admit that cheap freights from New York and from inland-Germany do cheapen the sale of goods so imported, it must be remembered that the British manufacturers' loss is the Colonial consumers' gain, and that from this point of view South African consumers, at any rate, have no grievance against the Conference. But whether the cause be, as some declare, political; or that trade is bad; or that the despotic action of the Conference during the Houston competition has left behind it a bitter feeling of exasperation on the part of those "punished" by the Conference; or that there is an honest belief that the Conference rates are excessive, there exists, undoubtedly, in certain quarters, a strong desire for the breaking up of the Conference system. And it is further complained that, but for the course of procedure of the Agents-General and the Crown Agents, it would have been broken up long ago. There exists, in fact, a strong feeling that the Agents-General and the Crown Agents should abandon their methods of freight-engagement in order to co-operate with the public in obtaining cheaper freights all round. Such contentions call for separate consideration. And first let us investigate the common complaint that the Conference rates are assessed too high.

X.

ARE THE PRESENT CONFERENCE RATES OF FREIGHT TOO HIGH?

The absence of any accepted standard of comparison renders it impossible to arrive at any conclusion on the above points. Merchants affirm, indeed, some of them, that the rates are too high. They point, in proof, to the much lower rates under the German "through" bill of lading, to the lower rates from America, and to the shipment of English goods by way of New York. We have, however, already seen that the German "through" bill of lading has no relation to the subject, and that the allegations of shipments via New York are far from convincing. To the general issue the shipowners plead:--

- (1) That those who complain are, whether consciously or otherwise, misled by the lower rates due solely to a war of freights. That in 1902-3 the Conference lost enormously by these rates, and that on

conclusion of the present struggle in the American trade the American rates will be put up to a paying level.

- (2) That those who lay stress on the fact that while the Cape is only half the distance to Australia the rates to the Cape and to Australia are practically the same, leave out of sight that the ships which go to Australia get a return cargo, while those to the Cape have practically to come back empty.
- (3) That none of the Conference Lines are at present making any money; that Bucknalls' shareholders are dividendless, and that the dividend to the Union-Castle proprietors is quite insignificant.

The view suggests itself that if the present Conference rates, with an insufficient trade, are in fact not remunerative, a return to the days of full cargoes might not impossibly make them over-profitable. It is, however, in the absence of a full analysis of the Conference Lines' account, impossible to say whether the rates under present trade conditions are profitable or not. And even if all the Conference Companies' accounts were available, it does not follow that they would be convincing.

Whatever the facts, the merchants seem not to be in accord about them. Those whose sympathies are more or less with the shipowners urge that there must be a living wage for shipowners as for others, and that to knock down rates unduly to-day only means that the loss will have to be paid for by merchants to-morrow; and that what the agitators really want is a Liner service at Tramp rates. Also, that with South African railway rates vastly more onerous than ocean freights, it is unfair and unreasonable to seek to make the ocean freights a scapegoat for the dearth of supplies in South Africa. To which it is retorted that the big merchants are not really concerned in the question: that it is not they but the consumers who pay the freights. Also, that the merchants, some of them, allow their desire for stability of rates to master other considerations; and that some of the sympathisers are, or are hoping one day to be, Agents in South Africa for one or other of the Conference Lines. These various views are here exposed as evidence of the want of unanimity on the subject. Of the views of the consumers and of the South African trades, wholesale and retail, the writer has no sufficient information.

Probably the chief factor in the agitation for lower freights is the notable contrast between the present rates and those from time to time accepted by the owners of steamers specially chartered. There is, however, nothing in common between the two cases. This requires to be demonstrated.

XI.

THE DIFFERENCE BETWEEN STEAMERS CHARTERED TO CARRY COAL OR RAILS, AND STEAMERS LOADING GENERAL CARGO ON THE BERTH.

Let us take first the case of the "berth" steamer, and, more especially, the case where, under "Line" arrangements, berth steamers load alternately at various ports or series of ports. For example, a steamer takes on board locomotives or rails at Glasgow, and fills up at Liverpool with Manchester or Midlands goods. Or she starts at Liverpool with general cargo and fills up at Cardiff or Barry with coals or rails. Or she starts at Hamburg or Antwerp and takes in rails at an East Coast port; or proceeds first to an East Coast port, crosses to the Continent, and returns to London to complete. All this is done on regular or fixed dates, enabling the merchant to reduce his inland transport expenses to a minimum by despatching his goods from the manufactory to the loading port which happens to be nearest. If all the goods are not ready, he sends what are ready and knows exactly the date at which he will be able to ship the remainder. He knows that the steamer will sail to her date, whether fully loaded or not. Then the berth steamers are all more or less fast-steaming boats, averaging, perhaps, eleven knots or thereabouts. They are, too, ordinarily expensive boats. And as they must arrive as well as sail to date, they must burn coal freely to maintain their speed, adverse weather notwithstanding. And just as they offer an option of shipping ports, so also they must provide a choice of ports of discharge. It is to be presumed that at every port, whether of loading or discharge, they are muled in port and harbour dues, and the nature of their cargo involves special charges for stowage. The case of the chartered steamer is entirely different. Having to carry a full cargo of coals or rails, she will ordinarily load but at one port

and discharge but at one port. She will ordinarily not be an expensive steamer; she will not travel at much above nine knots, she will not sail till she is full, and will suffer no loss by short-loading. She will load at small expense, requiring no demurrage, and, in the case of coal, no stevedoring. It is said that the cost of loading a coal cargo is only one-sixth that of loading cargo on the berth. She is under no obligations to arrive at any particular date, so that she is able to save fuel to the utmost. Sometimes her voyage occupies very considerably longer than that of the berth steamer, and this means loss of interest to the cargo-owner. Also, he will have to pay a higher premium for insurance. And whereas the cost of discharge of a berth cargo is borne by the shipowner, the duty of discharging and landing the load of coals or rails will attach to shipowner or cargo-owner, as the charter may provide. In any comparison of rates of freight the point needs to be borne in mind.

It is obvious, therefore, that any comparison between the rates of freight in the two classes of voyage is inequitable and misleading. It is, notwithstanding, a comparison which is by no means infrequently made, and those who make it are greatly exercised at what they regard as the supineness and neglect of the Agents-General and the Crown Agents, who, by neither chartering nor supporting outside steamers, make no use of their power to reduce the Conference rates. This complaint is heard so often, and, *prima facie*, has so much to justify it, that it needs consideration by itself.

XII.

THE POSITION OF THE CROWN AGENTS AND AGENTS-GENERAL *IN AFFREIGHTMENT.*

The grievance is a common one that the Colonial Government Agents practically put up the rates of freight against merchants by stipulating that the Conference shall carry Government goods at rates considerably below those which merchants have to pay—20 per cent., or sometimes, it is said, even more, below the Conference Rates. And, in fact, an Agent-General, has himself stated to the writer that the Conference could not afford to carry for the public at the Government rates. It seems, indeed, clear that if we assume £100 as the figure of the shipowners' "living wage," of which £50 is due to him from Government and £50 from the public—that if the Governments arrange to pay only £40, the shipowners must look to the general shippers for £60. But the Governments are in this dilemma: that they cannot do their best for the Colonial taxpayers without correspondingly prejudicing the consumers. The Governments must decide on the one policy or the other, and if they elect to support the mercantile section by casting in their lot with them, then they will be exposed to the complaint of postponing the rights of the taxpayers to the interests of the merchants. No doubt as shippers on a very extensive scale, the Governments possess great contractual advantages, and they use them in the Government, i.e., the taxpayers' interest. And they do so not merely by requiring freight concessions, but also to obtain a specially advantageous form of bill of lading, and by deferring payment of a portion of the freight until after right delivery of their goods. The Governments adopt the attitude, in short, that it is their business and duty to do their best for themselves, and not to sacrifice the advantages of their position as large shippers in order to assist other shippers.

But supposing the Governments were content to take the opposite view, and expressed to the shipowners the desire to be put on no better terms than the ordinary shippers, in what manner could the latter be made certain of getting their position improved? For unless this could definitely be secured, it might turn out, after all, to be simply a means (on the £40 and £60 figures already put) of increasing Conference receipts to £110, without bringing the merchants' payment below the £60. Doubtless, if the Agents-General and Crown Agents were so minded, the average annual amount of the Conference concession to them conjointly could be ascertained, and an abatement made to an equivalent amount from the Conference rates, which thenceforth would be payable by Governments and public alike.

It is, however, urged that the Governments should aim at breaking up the Conference altogether, and that this could be done if the Governments would give their vast trade to outside steamers. No doubt if the Govern-

ments could make up their minds to subordinate their practical necessities to a determination to break up the Conference they might do much. But can the Governments afford such a sacrifice? Governments and merchants are alike in this, that they are continually wanting goods and stores in haste, and requiring them to be shipped at alternative ports and delivered at alternative ports. How can Governments, any more than merchants, allow their goods to accumulate until such time as they shall suffice to fill a ship? And the moment the Governments seek to charter vessels to load and discharge at several ports they find that there is no anxiety to tender at low rates—at any better terms than can be obtained from the Conference. It is stated that the Cape Government has quite recently made the attempt, and had to arrange with the Conference after all. Alteration of ports is absolutely fatal to cheap tenders.

The Conference can only be broken down by opposition on a very extensive scale, and by a line of combination able and willing to afford facilities little, if at all, short of those which merchants now enjoy. All attempts short of this are bound to fail, and the temporary cheap freights during the contest will have to be paid for by the merchants at the conclusion in the form of yet heavier rates. Shipowners will not bear a loss of £1,000,000 (said to have been lost by them in the past freight wars) without seeking to get it repaid by shippers. Mr. Clarke, in his evidence before the Merchandise Marks Act Commission, expressed the opinion that a Steamship Company determined to break up the Conference would require to set aside at least £250,000 as a fighting fund. And merchants who went outside the Conference on the Houston occasion were in the result so severely punished by the Conference for their defection that no rebate-receiving shipper is likely to expose himself to similar treatment unless satisfied that the opposition will be able to fight and will fight to a successful finish.

XIII.

THE CROWN AGENTS AND THE BRITISH SOUTH AFRICAN CO.

The Crown Agents have been much criticised by the friends of the Chartered Company for their failure to support the Independent Lines, Houston and Co., and the British India Steam Navigation Company. The London manager of the Chartered Company has not been interviewed by the writer, but a perusal of the Company's correspondence with the Crown Agents and the personal explanations of Sir Ernest Blake, seem to him to justify fully the action of the Crown Agents. The Agents knew, whether the Chartered Company did so or not, that Mr. Houston was an old hand at Ring-breaking, and his only object in attacking the South African trade was to get admitted to the Conference. The Agents declined to allow themselves be used for such a purpose, and as a matter of fact and history, Mr. Houston succeeded without their help. The only result of his competition was, as the Agents had foreseen, to add a powerful new line to the already over-strong Conference.

As regards the British India Company, the facts are less simple, but they seem to be as follows:—The Company was trading via the Suez Canal, down to, but not south of, Delagoa Bay. The Crown Agents believed that this limitation was under arrangements with the Conference Lines, which went no further north than Delagoa Bay. Probably to save Canal dues, the British India Company abandoned the northern route and voyaged to Delagoa Bay and Beira via the Cape. Beira is *pur excellence* the Chartered Company's port, and this Company pressed the Crown Agents to support the Line against the Conference. This the Agents declined to do, first, because of their conviction (which seems to have been well founded) that the British India Company was acting in harmony with the Conference; and, second, because the Agents required delivery of their stores mainly at ports south of Delagoa Bay. The Chartered Company, on the other hand, wanted only to get support for delivery at Beira, and cared nothing for the southern ports. If these facts are correctly stated, the Crown Agents' decision would appear to have been well advised.

XIV.

MAIL SUBSIDIES CAN THIS BE USED AS AN ANTI-CONFERENCE LEVER.

On this point there is a difference of opinion. The Committee on the Steamship Subsidies reported:—

“That in any case where commercial subsidies may be given, power should be reserved to the Government, giving them, to control the maximum charged by the ships so subsidised, and that the operation of the Conference system is worthy of the careful attention of His Majesty’s Government.”

And the Recommendation of the Eastern Mail Service 1901 contains a draft clause in the foregoing sense.

Shipowners, however, view the matter differently. They draw a wide distinction between a subsidy or subvention which is in fact a bounty in encouragement of trade, and a mail subsidy. The latter they regard as a bargain in the nature of purchase and sale—a payment for services rendered. Mail contractors might notwithstanding be got to consent to restrictive conditions of the kind in question, but whether they would do so without a substantial set-off is more than doubtful. And if, for example, the Cape Government were to insist on such restrictive conditions, and the present contractors demurred to them, how would the Government proceed? That the present service is, as such, remarkably good appears to be admitted. That the contract, viewed by itself, is not considered with extreme favour by the mail carriers, is to be gathered from the facts (if such they be) that the Company stipulated that it (i.e., the subsidy) should imply an emigrant carriage agreement, and the promise of a good share of Government shipments of stores and railway material. Also, a promise that the Cape Government would not so support any opposition as to prejudice the contractors under their mail contract. But in any case, if the present contract has some seven years to run, the question would appear to be somewhat outside the range of practical politics of to-day. And even if it were otherwise, there are (?) seven Lines constituting the Conference, and only (?) one of these is under mail subsidy.

XV.

THE COMPLAINTS SUMMARISED.

(a) *Complaints of South African Colonists.*

- (1) That the Conference freights are too high.
- (2) That the methods of the Crown Agents and Agents-General are largely to blame for the fact.
- (3) That the Cape Mail Subsidy tacitly encourages the Conference.

(b) *Complaints of British Manufacturers.*

- (1) That the United States Preferential Freights are damaging to British Trade.
- (2) That so also is the co-operation between the German State Railways and the Bounty-fed German steamers.

NOTE.—In connection with (1), it has to be remembered that at one time a similar Preference operated in Germany, and that the conditions may conceivably recur.

DOUGLAS OWEN.

15th August, 1904.

XXXVI.

SOUTH AFRICAN FREIGHTS.

Port.	Class.	Present Tariff Rates.	Rates during Houston Competition. Deductions prior to January, 1904, but not now allowed.	Net Rate prior to Jan. 04	Increase.
CAPE TOWN.	1st	42 6 & 10 per cent.	Less 20 per cent. off net frt.	34 -	8 6
	2nd	31 3 & 10 do.	Less 20 do. do.	25 -	6 3
	3rd	25 - & 10 do.	Less 15 do. do.	21 3	3 9
	4th	22 6 & 10 do.	Less 10 do. do.	20 3	2 3
	Cement	16 3 & 10 do.	No deductions	16 3	Nil
	Galvd.				
	Iron	20 - & 10 do.	No deductions	15 -	5 -
ALGOA BAY.	1st	42 6 & 10 per cent.	20 per cent. of tonnage reduced to 15 - per ton	37 -	5 6
	2nd	31 3 & 10 do.	do.	28 -	3 3
	3rd	23 - & 10 do.	do.	23 -	2 -
	4th	22 6 & 10 do.	do.	21 -	1 6
	Cement	16 3 & 10 do.	No deductions	16 3	Nil
	Galvd.				
	Iron	20 - & 10 do.	No deductions	15 -	5 -
EAST LONDON.	1st	49 9 & 10 per cent.	20 per cent. of tonnage reduced to 22 6 per ton	43 6	5 3
	2nd	38 9 & 10 do.	do.	35 6	3 3
	3rd	32 6 & 10 do.	do.	30 6	2 -
	4th	30 - & 10 do.	do.	28 6	1 6
	Cement	22 6 & 10 do.	No deductions	22 6	Nil
	Galvd.				
	Iron	25 - & 10 do.	No deductions	17 6	7 6
NATAL.	1st	52 6 & 10 per cent.	20 per cent. of tonnage reduced to 22 6 per ton	46 6	6 -
	2nd	40 - & 10 do.	do.	36 6	3 6
	3rd	32 6 & 10 do.	do.	30 6	2 -
	4th	30 - & 10 do.	do.	28 6	1 6
	Cement	22 6 & 10 do.	No deductions	22 6	Nil
	Galvd.				
	Iron	25 - & 10 do.	No deductions	17 6	7 6
DELAGOA DAY.	1st	55 - & 10 per cent.	20 per cent. of tonnage reduced to 25 - per ton	49 -	6 -
	2nd	42 6 & 10 do.	do.	39 -	3 6
	3rd	35 - & 10 do.	do.	33 -	2 -
	4th	32 6 & 10 do.	do.	31 -	1 6
	Cement	27 6 & 10 do.	No deductions	29 -	1 6
	Galvd.				
	Iron	27 6 & 10 do.	No deductions	18 9	Increase 8 9

COMPARISON OF IMPORTS INTO CAPE COLONY FROM UNITED KINGDOM AND UNITED STATES.
1890, 1895, 1898 and 1903.

	1890	From U.K.	From U.S.A.	1895	From U.K.	From U.S.A.	1898	From U.K.	From U.S.A.	1903	From U.K.	From U.S.A.
Apparel and Slops	564,743	£	£	720,982	£	£	732,982	£	£	1,499,017	£	£
Arms and Ammunition	95,246	3,636	228,096	9,906	98,779	5,821	123,192	123,192	7,162	11,528	11,528	11,528
Bags	14,324	Nil	12,098	48	14,449	370	26,245	26,245	2,030	6,526	6,526	6,526
Brassware	12,145	2,293	18,626	4,358	19,248	4,731	41,892	41,892	6,082	23,046	23,046	23,046
Books	70,566	380	96,930	1,704	129,147	4,765	230,468	230,468	6,082	97,2975	97,2975	97,2975
Boots and Shoes	419,215	Nil	477,296	5,141	499,851	11,519	11,6019	11,6019	11,649	101,145	101,145	101,145
Carringtons, Cartes, etc.	16,289	10,167	65,182	29,171	151,061	61,511	101,145	101,145	11,649	24,654	24,654	24,654
Cigarettes	15,996	531	10,206	22,426	17,269	37,267	101,771	101,771	15,339	15,339	15,339	15,339
Clocks and Watches	18,956	1,038	17,157	5,198	18,634	10,726	21,755	21,755	8,291	167,818	167,818	167,818
Confectionery and Preserves	66,439	84,363	2,106	84,039	2,075	2,675	2,675	2,675	3,683	3,683	3,683	3,683
Cordage	15,975	4,158	13,895	1,771	14,572	1,394	39,840	39,840	13,590	1,364,010	1,364,010	1,364,010
Cotton Manufactures	685,129	2,205	991,915	5,148	1,014,635	7,374	236,771	236,771	34,738	34,738	34,738	34,738
Dyes and Chemicals	99,429	4,961	128,690	10,845	149,711	15,944	27,016	27,016	4,1353	28,409	28,409	28,409
Fencing Wire	60,279	10,026	41,081	13,389	21,020	267,044	755,743	755,743	119,132	36,020	36,020	36,020
Furniture and Cabinetware	150,436	13,308	276,877	21,187	105,703	2,191	86,846	86,846	14,993	1,223,549	1,223,549	1,223,549
Glass	56,121	367	77,552	50	1,068,283	1,558	1,274	1,274	1,504	2,061,385	2,061,385	2,061,385
Haberdashery and Millinery	968,644	50	504,565	25,776	55,201	626,807	63,051	1,288,546	1,288,546	2,522,25	2,522,25	2,522,25
Hardware and Cutlery	48,335	30,449	50,956	48,434	61,322	47,211	173,056	173,056	226,576	226,576	226,576	226,576
Implements and Tools	5,570	236	8,477	1,342	5,768	1,118	10,881	10,881	3,027	Not available.	Not available.	Not available.
India Rubber Manufacture			20,328	1,087	25,379	4,440	50,920	50,920	14,993	16,921	16,921	16,921
Lamps and Lampware	16,921	4,043	29,427	14,812	49,057	19,757	53,016	53,016	48,380	323,339	323,339	323,339
Machinery (Agricultural)	323,339	98	989,245	248,977	657,041	298,222	1,023,369	1,023,369	384,505	(Other)	(Other)	(Other)
Oilman's Stores		No available.	25,046	711	35,622	2,569	49,177	49,177	8,780	16,756	16,756	16,756
Plated ware	16,756	Nil	36,364	2,606	35,335	2,443	104,366	104,366	9,513	126,336	126,336	126,336
Soldiers and Harness	126,336	237	85,050	1,463	68,401	2,046	174,141	174,141	6,679	123,468	123,468	123,468
Stationery	123,468	1,252	200,072	3,725	212,194	8,331	4,521,12	4,521,12	17,639	19,683	19,683	19,683
Wheat	19,683	6,025	9,051	44,996	678	697,062	751	1,219,551	1,219,551			

XXXVIII.

FREIGHTS FROM ENGLAND

TO

SOUTH AFRICA, AUSTRALIA, INDIA AND RIVER PLATE.

To	Average Distance. Miles.	Merchants' Freights.	Rails.	Cement.
CAPETOWN	6,181	22/6 to 42/6	16/- (C.S.A.R.)	16/3
SYDNEY }		22 6 to 42 6	20/-	15/-
MELBOURNE } *	11,245	25/- to 45/-	22/6	17/6
ADELAIDE }				
BOMBAY }	7,000	20/- to 35/-	17/6	17/6
CALCUTTA }			15/-	15/-
RIVER PLATE	6,000	20/- to 45/-	12/6	10/-

* These Freights are inclusive of Suez Canal Dues, which would therefore have to be deducted to arrive at the nett freight payable.

XXXIX.

COMPARATIVE TABLE OF FREIGHTS ON VARIOUS ARTICLES FROM
THE UNITED KINGDOM AND NEW YORK TO CAPE TOWN,
PORT ELIZABETH, EAST LONDON AND DURBAN.

			Cape Town from U.K., 6,181 miles, N.Y., 6,800 miles.	Port Elizabeth from U.K., 6,609 miles, N.Y., 7,228 miles.	East London from U.K., 6,739 miles, N.Y., 7,358 miles.		Durban from U.K., 6,993 miles, N.Y., 7,612 miles.	
From ...	... ...	... ...	U.K.	N.Y.		N.Y.	U.K.	N.Y.
Spirits	... ...	... ...	42/6	15 -	48/9	17/6	52 6	17 6
Agricultural Machinery	... ...	... ...				
Provisions	... ...	... ...	31/3	15/-	38/9	17/6	40/-	17/6
Oilmen's Stores	... ...	... ...				
Mining Machinery	... ...	... ...				
Candles	... ...	... ...	25/-	15/-	32/6	17/6	32 6	17 6
Beer	... ...	... ...				
Furniture	... ...	... ...				
Wire Fencing	... ...	... ...				
Soap ..	... ...	... ...	22/6	15/-	30/-	17/6	30/-	17 6
Aerated Waters	... ...	... ...				
Briks	... ...	... ...				
Deals...	... ...	... ...	20/-	15/-	27/6	17 6	27 6	17 6
Galvanised Iron	... ...	... ...	20/-	15 -	25/-	17 6	27/6	17 6
Cement	... ...	... ...	16/3	15/-	22/6	17/6	22 6	17 6

COMPARATIVE TABLE OF FREIGHT ON VARIOUS CLASSES OF
GOODS BETWEEN ENGLAND AND CAPE TOWN, NEW YORK AND
CAPE TOWN, ENGLAND TO SYDNEY, ANTWERP TO SYDNEY, AND
ANTWERP TO SUMATRA.

	England to Cape Town, 6,181 miles.	New York to Cape Town, 6,800 miles.	England to* Sydney, 11,200 miles.	Antwerp to* Sydney, 12,275 miles.	Antwerp to* Sumatra, 8,145 miles.
Asphalte	22 6		23 3	23 3	
Barbed Wire	31 3		20 9	20 9	
Beer	25 -	15 -	29 6	29 6	24 -
Bentwood Furniture...	25 -	15/-	26 6	26 6	22/-
Biscuits	31 6				22/-
Bricks...	22 6	15/-			
Brushware	31 3		34 6	34 6	
Candles	25 -	15/-	21 6	21 6	24 -
Cement	16 3	15/-		14 6	
Condensed Milk ...	31 3				24/-
Crockery	22 6		32 1	32 1	17/-
Deals	20 -	15/-	20 6	20 6	
Fine Goods	42 6		41 6	41 6	
Furniture	22 6	15/-	34 6	34 6	
Galv. Iron (Cases) ...	20 -	15 -	23 3	23 3	
Hardware	31 3		34 6	34 6	
Iron (Bars and Plates)	22 6		20 9	20 9	
Machinery	25/-	15/-	34 6	34 6	
Matches (Safety) ...	22 6		19 3	19 3	
Mineral Waters ...	22 6	15/-	29 6	29 6	
Provisions	31 3	15 -	34 6	34 6	
Salt (Bags)	31 3		23 3	23 3	
Soap	25/-	15/-	34 6	34 6	
Spirits...	42 6	15/-			25/-
Vinegar	31 3		34 6	34 6	24 -
Wire Netting...	22 6	15 -	20 3	20 3	24 -

* These freights are inclusive of Suez Canal Dues, which would therefore have to be deducted to arrive at the nett freight.

XLI.

SUEZ CANAL DUES.

The Suez Canal Dues are as follows:—

8 francs, 50 cents, or 6s. 10d. per ton, on laden vessels passing through the Canal, charged on the Suez Canal Co.'s Measurement Certificate of the ship

All vessels having any cargo at all in the holds being considered laden.

Ships carrying Passengers are taxed 10 francs for each adult, 5 francs for each child.

ARTICLE FROM THE "MANCHESTER GUARDIAN," 11TH JULY, 1903.

SHIPPING RINGS AND "RESTRAINT OF TRADE."

The practice of Shipping Conferences in making certain rebates from their freight charges, which are allowed to accumulate for six or twelve months, and are then paid or credited to the "faithful" shipper only, is the very keystone of such monopolies. The merchant who would wish at any time to ship a consignment of goods by a competitive line is confronted with the forfeiture of a considerable sum due to him by the Conference, besides the prospect of increased freight charges on any shipments which he might subsequently wish to make by the Conference steamers. This "rebate system," as it is called, makes the individual shipper powerless to decide by what steamship line his goods shall be carried or from what port they shall be shipped. It prevents him from bargaining with the shipowner as to the rate of freight. It is responsible for many disastrous anomalies; for instance, the fact that British ships can charge more for carrying British goods to South Africa than is charged for similar American goods carried from New York (a greater distance) to the same destination by ships belonging to the same owners.

Finally, this rebate system has done more than anything else to hamper the progress of the port of Manchester, to burden the citizens with a Ship Canal rate, and to rob the Ship Canal shareholders of a return on their invested capital. Thanks to the rebate system, no steamer is able to come to the Manchester docks and load a cargo of Manchester goods for Madras, Calcutta, or Ceylon. Thanks to the rebate system, everyone of the thousands of bales and cases packed in Manchester Warehouses for export to China and Japan must be sent away by rail to Birkenhead or elsewhere for shipment, instead of being taken away directly by steamers from Manchester. It is due mainly to the rebate system also that the economy in transport offered by the Ship Canal is withheld from British exports to Turkey, to the River Plate, and to the West Coast of South America, to the West Coast of Africa, the Cape Colony and Natal, and to the Straits Settlements. It is computed that the handicap thus imposed by the rebate system upon the cotton industry alone may easily amount to a quarter of a million pounds sterling per annum. No successful method of combating the Shipping Conferences or Rings has yet been found by exporters in this country, and so long as the rebate system enjoys legal sanction, or is assumed to enjoy it, it is to be feared that nothing can be done to destroy the monopolies which it has created. It is, therefore, very interesting and significant to find that in America this potent weapon appears to have been struck out of the Steamship Companies' hands by the Elkin's Anti-Trust Law.

The New York newspapers report that the combination of Steamship Lines controlling the trade between that port and the River Plate has issued notices in the following terms:—

"Brazil Service.—Shippers of goods to Pernambuco, Maceio, Bahia, Victoria, Rio de Janeiro, Santos, and other South Brazilian ports, are hereby notified that the payment of primeage rebates under the terms and conditions of our circular dated New York, July 1, 1901, is hereby discontinued, and the said circular is withdrawn."

"River Plate Service. Shippers of goods to Monte Video, Buenos Ayres, Rosario, and other Parana River ports are hereby notified that the payment of primeage rebates, under the terms and conditions of our circular dated New York, August 1, 1899, is hereby discontinued, and the said circular is withdrawn."

Under the circulars which have thus been cancelled, it was the practice of the Steamship Lines to charge, in addition to the freight rate, a "primeage" of 10 per cent., with the understanding that after a stated time the companies would refund the primeage to shippers who had not shipped by "outside" steamers. This, of course, is the rebate system familiar to shippers in this

country. The effect of its abandonment is that rival lines are now able to offer competitive rates, and the shipper will be able to exercise a free choice between them.

No reticence as to the reason of this sudden capitulation has been observed by the agents for the Conference Lines. One of them has informed the "New York Herald" that the combination was dissolved because of the danger of litigation under the new law. A suit for nearly £10,000 has already been entered in the United States Circuit Court against the South African Conference Lines, and the members of the South American Ring, without waiting for the issue, apparently deemed it prudent to place themselves beyond risk of a similar action. "We do not wish," said the agent, "to be in a position to be attacked, and hereafter each line will make its own arrangements with shippers." It was probable, he added, that a similar course would be taken by the South African Conference. Curiously enough, the Steamship Lines affected are all English or German, namely, the Lamport and Holt, Prince, and Houston Lines in the South American trade; the Hansa Union, Clan, and American and African Lines in the South African. It will be singular indeed, and by no means satisfactory, if a system which under American law is deemed a "conspiracy in restraint of trade," is permitted under our laws to go on flourishing at the expense of British trade.

XLIII.

ACCOUNTS OF THE UNION CASTLE COMPANY.

LARGE PROFITS AND SMALL DIVIDENDS.

(Extract from Correspondence.)

(These figures refer to the year 1900. There is no reason to suppose that the system has been altered in any way since.)

The full figures are not available; but the following brief summary sets forth as nearly as may be what the net profit for the year was.

SUMMARY.					
Transfer to Insurance Fund	...	...	...	...	£150,000
Transfer to Reserve Fund	...	...	...	...	65,000
Transfer to Repairs and Renewals Fund (New Account)	...	...	...	...	115,000
Transfer to Benevolent Fund (New Account)	...	...	...	...	35,000
					£365,000
Interest on Debenture Stock—1 year at 4 per cent.	...	...	...	...	40,464
Dividend on preference shares 1 year at $4\frac{1}{2}$ per cent.	...	...	...	...	10,800
Dividend on ordinary shares—					
Interim, 5s. per share	...	...	...	...	£35,460
Final, 7s. per share	...	...	...	...	49,644
					85,104
12s.					
Income tax for the year, say	...	...	...	...	15,500
Balance forward	...	...	...	...	£15,691
Less balance brought in	...	...	...	...	3,264
					12,427
Depreciation on the Fleet and property, say	...	...	...	...	529,295
					380,000
					£909,295

By the Company's Articles of Association (which were drawn up entirely in the interest of the management) the Council have power to write off whatever sum they may think fit for depreciation of the fleet and property without reference to the shareholders.

In past years the Castle Company have written off as little as 6 per cent. per annum, and sometimes as much as 12 per cent. and 13 per cent. on the book value of the steamers; and in putting down £380,000 for depreciation that sum is probably under the amount actually provided for.

The above summary therefore shows that the net profit of the Company for the year 1900 was, without depreciation, £529,295, or, including depreciation, £909,295, or not far off one million sterling.

And yet all that the profit and loss account shows is £108,331, which is still further reduced to a balance of £65,335 "carried to Balance Sheet." Notwithstanding the largeness of the Net Profits, as above indicated, only the small sum of £85,104 was paid to the ordinary shareholders in Dividend for the year.

At the Annual General Meeting of the Company, held on the 23rd May, 1901, Sir Robert Herbert, the Chairman, stated that "it has been a question whether, under the peculiar circumstances of 1900, they should recommend a dividend of 6 per cent., but on the whole they thought it right and expedient to do so." The truth is, the profits for the year were so great (in spite of the expense resulting from the delays of the steamers in South African ports, and of the increased cost of coal) that, besides applying a big sum to depreciation, the plan was adopted of transferring large amounts to the credit of various accounts, in order to prevent the shareholders, to whom the profit belonged, from fingering too much of it.

It should be further stated that the net profit is brought out after the earnings have been debited with the Council's fees (10 members, £350 each), £3,500, and with the Manager's remuneration (1 per cent. on the gross earnings), say £100,000, an "item" which is carefully hidden from the public view. Besides this "item" Donald Currie and Co. receive considerable revenues in other ways in connection with the working of the vessels. Out of these huge commissions all that the Managers have to pay are the office expenses (rent, etc.) and the salaries of the office clerks at home. All the salaries and expenses of the Company's Agencies abroad, and of the staff of the Docks at home, are charged direct to the Company. It will therefore be seen that the managers get for themselves for their year's remuneration a net sum exceeding the amount of dividend distributed by the Union-Castle Company, on the whole of its issued Ordinary Share Capital, of £1,018,110. The steamers' accounts are made up in voyages, and the following example exhibits in a nutshell how the commission part is worked:

Earnings of one steamer for a voyage ...	£15,000
Disbursements do.	£14,000
Managers' Commission, 1 per cent. ...	600
	—
Profit do.	£400

Thus a steamer may only make a profit of £100 on a voyage, while the Managers receive £600. It is superfluous to add that if a vessel happens to show a loss, no abatement is made in their commission by the Managers.

XLIV.

ARTICLE IN THE "DAILY NEWS," DATED 31 MAY, 1901.

We are informed by Mr. Benjamin H. Morgan, editor of the "Engineering Times," that he has received a letter from the Duke of Marlborough, Under-Secretary of State for the Colonies, informing him that the Colonial Office have under consideration the question of the freights charged by the firms of the South African Shipping Conference, and the impediment thereby placed in the way of British trade to South Africa, and further, that the Colonial Secretary will consider the proposal that he should co-operate with the Colonial Authorities in the matter. Mr. Morgan remarks that the Premier of the Cape Colony has taken this matter vigorously in hand, and has invited the sister South African British Colonies to a conference, with a view to compelling the Ring to abolish the rebate system and generally to adopt a more reasonable attitude in regard to freight charges.

The decision of the Colonial Office to take up the defence of British trade in South Africa against the impositions of the Conference Lines will be received with universal satisfaction. This combination practically monopolises the whole of the oversea carrying trade with South Africa, and crushes out competition by means of the rebate system. The Shipping Conference have used their monopoly to increase freight charges and to lay vexatious restrictions on cargo in regard to size and weight. A further misuse of this monopoly consists of the comparatively slow speeds at which Conference vessels run, to the great profit of their owners, but to the disadvantage of British shippers. This is an aspect of the matter which bears with peculiar hardness on those South African firms which endeavour to keep British manufacturers to the front in competition with American and German productions, because the possibility of meeting a demand often depends on the goods being supplied within the shortest possible time, and thus an order may be wrested from British producers merely through the known delay in procuring their goods.

Quite recently attention has been drawn in the "Daily News" to the oppressive way in which British trade is handicapped by the excessive freights charged by the South African Shipping Ring, or Conference as it is called. But the figures will well bear repetition. The following table shows that though the distance from this country to Cape Town is less than that from America, the freights charged are for some classes of our goods double and nearly treble those paid from America:—

CAPETOWN.

Article.	Ocean Freight per ton from U.K.			Ocean Freight per ton from U.S.A.			
	Distance 6,181 miles.		Distance 6,800 miles.	s.	d.	s.	d.
Provisions	31	3	15	0
Candles	25	0	15	0
Soap	22	6	15	0
Spirits	42	6	15	0
Beer	25	0	15	0
Aerated Waters	22	6	15	0
Cement	16	3	15	0
Bricks	22	6	15	0
Deals	20	0	15	0
Galvanised Iron	20	0	15	0
Bar Iron	22	6	15	0

In America the freights are under the wholesome check of genuine competition, because the "ring" has not been able to get rid of the rivalry of the Prince Line; but hitherto the Conference has been able to smother every attempt at competition here. The last effort of the kind was made last year by Messrs. R. P. Houston and Co., but on the 12th of January the Cape Shipping Conference issued a circular that the "rate war" was ended, that Messrs. Houston would in future co-operate with the Conference, and that

the cheaper rates which had for a short time been in force were accordingly withdrawn. So for the moment British traders are handed over to the mercies of a combination which has not shown much concern for the success of our trade with the South African Colonies. The only remedy now is for the Colonial Office, through the power it holds in the control of the subsidies for mail contracts, to take vigorous action to restrict an interest which seeks to squeeze the uttermost farthing out of its monopoly of transit.

Mr. Morgan, to whom we are indebted for the news of the coming action of the Colonial Office, was one of the three Special Commissioners sent out two years ago by the South African Trade Committee originated by Mr. John Lockie, M.P., to investigate trade conditions in the sister Colonies. In his report, and in that of one of his colleagues, Mr. T. Nicol Jenkins, a good deal of light was thrown on the mischief worked by the Shipping Ring to British trade in South Africa, and the methods by which the monopoly is maintained. The principal instrument of the Conference Lines in warding off competition is the rebate system, under which ten per cent. of the freight is returned to those shippers who ship exclusively by the lines forming the Ring. The rebate is ascertained at the end of each half year, and is payable within the following nine months. The merchant who decides to break away from the "Ring" steamers thus finds himself in the awkward position that the Conference retains in hand a sum equal to ten per cent. on fifteen months' freight, which he will forfeit immediately if he ceases to favour them with his exclusive custom. If his business is large, and especially if it is in goods heavy or bulky in proportion to their money value, this means a serious pecuniary sacrifice, and of course makes shippers very chary of transferring their custom to a new line which, as they know by bitter experience, may only give them a very short run of the lower rates before it is overwhelmed and absorbed.

The practical effect of the system is a thorough-going and well-organized boycott of all competing steamers, which makes the breakdown of the "Ring" by genuine competition a thing only to be accomplished at enormous loss. All small efforts at rivalry must be, as the Americans say, "snowed under" by this system. If the rebate method, with its incitement to boycott, is legal, then there is no remedy for the parasite which has fastened itself on the South African Shipping Trade except vigorous and determined Government action.

Mr. Nicol Jenkins points out that regular, fast, medium, and slow services should be maintained at proportionate rates, so that goods needing the most rapid transit should bear the cost, and ordinary cargo would obtain the benefit of the cheapness of the slow service. At present the slow rate is combined with the high freight to the disadvantage of British shipping. A case is quoted in which an order worth £500 per annum was lost through slow delivery of plant from England.

German firms have the advantage of through rates from their own towns to places in South Africa, but no such arrangement can be made as regards Great Britain while the monopoly continues. Germany and America have their Consuls in South Africa to see that their trade is not impeded by excessive freights, but as it is our own territory we have no Consuls to protect British traders.

Briefly, a remedy must be sought in the vigorous co-operation of the Colonial Office and the authorities of the Cape and her sister Colonies, armed with the power conferred by shipping subsidies, and the possibility of differential rates on the South African State Railways, and the merchants both in this country and in South Africa. The energy and decision with which the Colonial Office can take action in the public interest when thoroughly aroused was shown by the way in which Mr. Chamberlain issued a White Paper some time ago on the "salting" of mines in West Africa, and thus completely exposed a very pretty imposture on the British investing public.

XLV.

ARTICLE IN THE "MANCHESTER GUARDIAN," DATED
13 MAY, 1904.

FREIGHT RATES TO SOUTH AFRICA.

We understand that on the inaugural trip of a new South African liner the other day a member of a certain great shipowning firm made a speech protesting against the current allegations that British trade in South Africa is handicapped by the Conference rates of freight, and affirming that there would be no hardship if those rates were increased. Not very long before the speech was made the Conference had bought off the rate-cutting competition of a rival line by receiving it into the charmed circle, and therefore it seems safe to assume that, thanks to the rebate system, the Conference can now, if it likes, increase the South African freight rates from this country without reference to the wishes of traders and without fear of a diversion of shipments to outside steamers. But lest it should be supposed that traders acquiesce in the views of the shipowner referred to, or are content with the Conference's assurance that British trade is not handicapped by the Conference rates, it may be worth while to set forth a comparison of those rates with the rates now ruling from New York to South African ports by British steamers, many or most of which belong to companies embraced in the South African Conference. Our readers may judge for themselves whether under these rates British trade is or is not handicapped in competition with that of the United States. The following table shows the ocean freights to Cape Town and Port Elizabeth from the United Kingdom and New York for various kinds of merchandise:—

Distance, Miles	CAPE TOWN.				PORT ELIZABETH.		
	From U.K.		From New York.		From U.K.		From New York.
	6,181	6,800	Ocean		6,609	7,228	freight per ton.
			s.	d.	s.	d.	s.
Agricultural Machinery	31	3	15	31	3
Mining Machinery...	25	0	15	25	0
Furniture	22	6	15	22	6
Wire Fencing	22	6	15	22	6
Provisions	31	3	15	31	3
Candles	25	0	15	25	0
Soap...	22	6	15	22	6
Spirits	42	6	15	42	6
Beer...	25	0	15	25	0
Aerated Waters	22	6	15	22	6
Cement	16	3	15	16	3
Bricks	22	6	15	22	6
Deals	20	0	15	20	0
Galvanised Iron	20	0	15	20	0
Bar Iron	22	6	15	22	6

A similar inequality appears in the rates to East London and Natal. East London is 6,739 miles from England and 7,358 miles from New York, and Durban is 6,993 miles from England and 7,612 miles from New York.

But from New York the uniform rate of freight to either port for all the classes of cargo above enumerated is 17s. 6d. per ton, whilst the rates from England are as follows:

		EAST LONDON.	DURBAN.
		s. d.	s. d.
Agricultural Machinery	...	38 9	40 0
Mining Machinery	...	32 6	32 6
Furniture	...	30 0	30 0
Wire Fencing	...	30 0	30 0
Provisions	...	38 9	40 0
Candles	...	32 6	32 6
Soap	...	30 0	30 0
Spirits	...	48 9	52 6
Beer	...	32 6	32 6
Aerated Waters	...	30 0	30 0
Cement	...	22 6	22 6
Bricks	...	30 0	30 0
Deals	...	27 6	27 6
Galvanised Iron	...	25 0	25 0
Bar Iron	...	30 0	30 0

The advantage of the American rates is so great that we have heard of British shippers sending goods for South Africa across the Atlantic to New York, there to be trans-shipped into British steamers loading for South African ports.

We have so often in these columns called attention to the impotent position in which British shippers place themselves more or less voluntarily — by consenting to the rebate arrangements of the Steamship Conferences, that it is almost superfluous to add an explanation of the disparity between the English and the American freight rates to South Africa. In America (which we are accustomed to regard as a trust-ridden land) the Conference rebate system and its accompanying penalties are illegal, whereas in England the legality of the system (although perhaps doubtful) has not yet been successfully challenged. Therefore there is Free Trade in ocean carrying between America and South Africa, and American industries obtain the benefit of strictly competitive freight rates, whilst the carrying trade between England and South Africa is strictly preserved and protected by a Shipping Ring, with the unfortunate results which we see.

APPENDIX II.

SUMMARY OF EVIDENCE TAKEN FROM THE
FOLLOWING BLUE BOOKS, WHICH WERE LAID
BEFORE THE CONFERENCE.

	PAGES.
1. TRADE OF THE BRITISH EMPIRE & FOREIGN COMPETITION	167-172
2. MERCHANDISE MARKS, 1897...	... ... ... 173-181
3. STEAMSHIP SUBSIDIES, 1901...	... ... ... 182-189
4. STEAMSHIP SUBSIDIES, 1902...	... ... ... 190-208
5. REPORT OF MR. BIRCHENOUGH, 1903 ...	... ... ... 209-215

I.—TRADE OF THE BRITISH EMPIRE AND FOREIGN COMPETITION.

In the introductory memorandum Mr. Harris states that "Freights" is one of the causes of displacement of British goods throughout the Empire. Low freight was the main factor in letting American manufactures into South Africa.

In reply to Mr. Chamberlain's despatch of November 28, 1895, the Chamber of Commerce, Cape Town, states that American trade has been greatly encouraged by the low freight maintaining between New York and South Africa, as compared with freights from United Kingdom. While admitting that some articles imported to South Africa from the United States are better suited for the trade of the Colony, they state that there is no doubt that the large importations from the United States of carriages, wagons, cement, cordage, and furniture, are due in the main to the low freight from New York.

The increase of German trade in the Colonies is due to

- (1) Low freights formerly granted from German ports by British steamers gave great impetus to their trade.
- (2) German manufacturers have great advantages in the fact that through rates are quoted by the German railways, and the German East African Steamship Company, from interior manufacturing towns in Germany.

The Governor of Natal states that lower freights from foreign ports have helped to displace British trade.

166-172

2.—MERCHANTISE MARKS, 1897.

Mr. H. H. Clarke states:—British Steamship Companies, members of the German-British Steamship Ring, agree not to compete against the low freight charged under the German through bill of lading system. Difference in shipping hardware in British and German steamships to Durban, 15s. per ton in favour of Germans. American trade largely increased to South Africa owing to action of British steamships. Rebate system very detrimental to British trade. Merchants not free to take advantage of cheap rates. Explains Rebate System. German trade to South Africa increased enormously in the last 20 years, largely assisted by low freights. Through goods from German inland manufacturing towns are shipped at dead weight, and not measured ton of 10 cubic feet, resulting in very low rates being obtained. British Steamship Companies, in their agreement with German lines, should have protected British manufacturers by preventing the German lines from charging lower sea freights under cover of through rate system. German steamship lines get full benefit of freight; railways practically carry goods to Hamburg for nothing. No free competition for British trade. A line of steamers competing with South African Ring would require £250,000 as fighting fund.

173-179

Sir Donald Currie, in a letter to the Chairman, denies that "German-British Shipping Rings" debar English shipowners from competing against the low freight rates under German through bill of lading system. British steamers cannot take advantage of the through rate system in Germany. Mr. Clarke wishes Committee to help him to obtain low freights. Takes exception to Mr. Clarke bringing up the subject of rebates and freights, etc., before a Committee not appointed to take such evidence.

180-181

PAGES.

3.—STEAMSHIP SUBSIDIES, 1901.

Sir Alexander Swettenham, in his evidence on steamships voyaging to the East, states: Tramp steamers have been killed out by Shipping Ring to Singapore. Freights raised to injury of development of country. Continent favoured at the expense of Great Britain. Freight to New York very much less than to Great Britain. Merchants in hands of shipowners owing to Rebate System, which is an immense disadvantage to the public. The Conference serious to national interest from national point of view. Conference established monopoly by Rebate System. Gives illustrations of the manner in which the Conference has helped foreign trade.

181-185 186 Mr. Samuel states that the Conference was formed by an agreement between the merchants and shipowners. Conference benefits merchants.

186-189 Sir Thomas Sutherland states: Conferences have existed in the Bombay, Calcutta, China, and Australian trade with general satisfaction to shippers. Rates of freight in these Conferences are modest and regular. Lower freights no doubt obtainable by casual steamers, which cannot be compared to a regular service of ships which sail full or not full. Regular steamer communication such as the Conference supplies great benefit to British merchants.

4.—STEAMSHIP SUBSIDIES, 1902.

190-193 194 Sir Alfred Hickman, M.P., states: Conference very damaging to British trade; British Rings control and keep up rates in British ports by the Rebate System, then compete in foreign ports and bring rates down in those ports, thereby giving advantage to foreign manufacturers. Admits that Conferences have helped small shippers by making uniform rates. Many orders from Colonies placed abroad owing to cheaper freights being charged by British ships in foreign ports.

193-194 Mr. Spicer states that owing to rates from New York being cheaper, many orders which would otherwise go to British merchants go to America.

194-199 Mr. Soper states:—Merchants divided in opinion as to benefit of Shipping Rings or otherwise. Admits Rings have done harm to British Commerce; quotes America as example. Rates for merchants not tyrannical on S.A. route. Merchants will not co-ordinate as do Steamship Companies. Favours the leaving of Shipping Ring to South Africa uncontrollable. Abundance of facility of transit from United Kingdom to South Africa. Does not think, on the whole, the Ring and Rebate System injurious to British Commerce. Merchants and Shipowners should meet in Conference to arrange freights, etc.

200 Letter from President of Chamber of Commerce, Glasgow, states that, while allowing that well-managed Shipping Rings tend to the uniformity of rates, and do not have a prejudicial effect on trade, they strongly deprecate British Shipping Rings granting lower rates of freight from foreign ports than from British ports for similar goods, over similar or even shorter distances, to the same ports of destination.

201-202 203-205 Mr. Soper handed in a schedule of transit steam rates showing great difference on many commodities in favour of same being shipped by German through bill of lading route.

Sir Charles Cayzer handed in a paper setting out the comparison of German-Levant and German-East African tariffs with British rail rates to British ports.

206-208 The Committee, after reviewing the evidence laid before them, recommend that no subsidy should be granted to Steamship Companies without Government control over the maximum rates of freights, and over the combination of subsidised with unsubsidised owners to restrict competition.

5. MR. BIRCHENOUGH'S REPORT, 1903.

PAGES.

(1.) American trade greatly stimulated by low freights at which British Steamship Companies carry goods from New York to South Africa as compared with prices from British ports to South Africa. Shipowners say that present rates from New York are war rates. After careful enquiry is convinced that nothing has done so much to promote growth of American trade as these low freights, and it is the action of British, not foreign, steamship owners.

German trade largely assisted by all cargo from inland German towns being shipped on the basis of dead weight ton, not measured ton of 40 cubic feet. Goods are sent from England to Germany, to get benefit of this low freight. Rates from Antwerp cheaper than from England, and goods shipped there to get benefit of low rates.

(2.) Rebate system (which he explains) is devised to crush competition and secure monopoly. Majority of merchants agree that uniform rates of freight are desirable; other merchants prefer open competition in freight market. Some merchants state that freights are a heavy tax on South Africa and methods of Ring intolerable. Merchants are not free agents, as they cannot afford to lose advantages of Ring, viz., regular service, quick delivery by mail steamers; cannot afford to sacrifice rebates. Shipowners say rates are necessarily higher owing to no return cargo, and large fleet employed; Rebate System prevents cutting rates, and is to that extent as much a protection to shippers as it is to the Ring. Influence of ocean freights upon cost of living is exaggerated.

Best way to overcome Ring is competition giving same advantages as the Ring. So long as Rebate System is in force merchants and shippers cannot be free agents. Suggests co-operation of Colonial Governments to get lower freights for public. Low freights favourable to growth of American trade, which is due to action of British Steamship Companies. Classification of goods should be identical for British and American goods. Preferential through rates from German inland towns, which give great advantages to German trade, are beyond control of Shipping Companies.

209-211

212 215

EXTRACT FROM TRADE OF THE BRITISH EMPIRE,

JULY, 1897.

CAUSES OF DISPLACEMENT OF BRITISH GOODS.

FREIGHT.

In discussing the question of freight no special attention need be directed to the case where proximity in the market gives a foreign country a decided advantage over part of the British Empire; as Japan is situated with regard to Hong Kong, or as the United States have a special position *qua* the West Indies e.g., the freight from the Bahamas to New York is 16s., to London 30s. per ton; from Barbadoes to New York 15s., to London 25s. to 50s. per ton.

There are many remarkable cases in the returns which bring up the question of freights for serious consideration. There is not material for analysing the effect of shipping subsidies on freight, an inquiry which would be indeed beyond the scope of this memorandum. Attention, however, is drawn to some of the more remarkable instances where the freight is against the British producer and in favour of his foreign rival. In some cases the freights which favour the latter are given by British vessels.

The instances selected are as follows:—

Sierra Leone—There are lower freights to the United States than to the United Kingdom.

Gambia—The freight for bread, etc., via Marseilles, is less than via London.

Straits Settlements—In an interesting passage in this report a striking instance of freight against London is given, affecting Scotch biscuits, which were in competition with a German manufacture.

Hong Kong—As a result of the "Shipping Conference," the freight from New York to Shanghai is 30s. per ton. New York to London 57s. 6d. per ton. It is also stated that Scottish firms were hampered by freights in regard to metals, and that the freight changed the trade in cement from England to Germany.

Cape Colony—Freight was the main factor in letting in the United States, e.g., 22s. 6d. per ton was charged for furniture from New York; 31s. 3d. to 33s. 9d. per ton for furniture from London.

Victoria—Freight for drapery, via Marseilles, 35s. per ton; direct, Orient Line, 40s. to 60s. per ton; direct Aberdeen Line, 30s. to 40s. per ton.

The dead weight of filling-up cargo for Germany makes the Continental trade. In cement Germany gets the trade solely by freight.

The New South Wales report, indeed, suggests that in some cases the competition for freights has caused British goods to be taken to foreign ports for shipment, and that British goods are thus entered in the returns as foreign, and apparently swell the amount of foreign importations. On the other hand the South Australian report, going fully into subsidies and freights, and

shewing that foreign freights generally are the lower, concludes that prices are not materially affected; and the Queensland report suggests that shipping facilities are, as a rule, in favour of Great Britain, and that the Continental trade would increase with further facilities.

The allegations in the Straits Settlements Report, that the port charges at London and Liverpool are excessive requires notice in connection with any discussion of freights.

RETURN FROM CHAMBER OF COMMERCE, CAPETOWN,

7TH JULY, 1896.

SHEWING THE REASON WHY CERTAIN ARTICLES ARE IMPORTED INTO THIS COLONY
FROM FOREIGN COUNTRIES IN PREFERENCE TO BEING IMPORTED FROM
GREAT BRITAIN.

No. 1.—CARRIAGES AND WAGGONS.

The foreign importation of vehicles comes from the United States, and is an increasing trade.

The American article is cheaper and lighter in make, and is thus more suitable for the country.

With this lightness it combines strength and lasts very well, though not so long as the British.

The American packing is much better and more economical than the British, and there is seldom any damage in transit.

American importations are very much favoured by rates of freight charged from New York, as compared with those from the United Kingdom. The rates are as follows—From New York, 22s. 6d.; from London, 31s. 3d. per ton measurement.

No. 2.—CEMENT.

In this article the greatest quantity imported into the Colony has been imported from the United Kingdom, the balance from Germany. In respect to the German article, we should say that in price it is about 5 per cent. cheaper than the British. As regards quality and suitability of the article for this market, there is no difference, except that the British brands command a higher price owing to the foreign being less known. The difference of price is not sufficient of itself to induce the importation of German cement, but at times the freights from Hamburg have been lower than from London, owing to the combination of shipbrokers at the latter place keeping freight rates from the United Kingdom at a higher level.

No. 3.—CORDAGE AND TWINE.

The imports from the United States consist almost entirely of Manilla and Sisal rope. The former is for ship's use, and is preferred by some captains, particularly American, as being stronger than the British.

The Sisal is somewhat cheaper than the American fibre.

The import from America is also encouraged by the fact of the freight being cheaper than from the United Kingdom.

Freight from New York, 25s. per ton.

Freight from London, 31s. 3d. to 33s. 9d. per ton.

NO. 4.—FURNITURE, CABINET, AND UPHOLSTERY WARES.

Cheap and portable articles have the largest sale in this Colony, and although the British Manufacturer can produce three-fourths of such goods he does not give the necessary care required to the packing, and fails to give general information as to the fixing of such articles.

This is a very great drawback when the goods have to be made up or put together upon arrival at their destination, and adds considerably to the cost where skilled labour is at a premium.

Freight and transport will not allow of excessive measurement and weight. Austrian, German, and American makers have somewhat reduced this problem by producing cheap, strong, useful furniture in sections, and numbering or marking each part so that any unskilled person can place the parts together strongly, correctly and ready for use.

Attention is drawn to Austrian bentwood furniture, which is light in weight, has a good appearance, and is very durable.

America, with her pine, walnut, maple, and other woods, produce larger articles for general use, but in all instances no loss of space occurs in the packing with either of these foreign competitors.

Colonial makers also find that they can imitate and produce the British patterns, pay a higher scale of wages, and place the lower and medium grade of furniture upon the market cheaper than imported British goods. This alone points to the bulky packing and high rate of freight charged on such low-price goods.

Experience tells us that the British made furniture, whether veneered, stained, or solid, has not had sufficient time allowed for drying and hardening before packing, especially where articles are shipped in large quantities; consequently expensive labour has to be employed to make the articles saleable.

Expensive well finished British furniture has very small demand, and to introduce such to command sale, means must be found to pack in smaller compass, and freight must be reduced.

Freights for furniture are:—

From United Kingdom 31s. 3d. to 47s. 6d. per ton.
From United States 22s. 6d. to 25s. 0d. per ton.

Some shipments of furniture have recently been brought from New York by steamers at 15s. per ton, and this low freight, has, to our knowledge, diverted orders to America that would otherwise have gone to Great Britain.

GENERAL REMARKS.

Owing to the enormous development of its mining industry and the opening up of the new provinces of Matabeleland and Mashonaland, and the consequent large increase of population and wealth, the trade of South Africa has made enormous progress during the last few years.

In 1885 the imports were as follows:

Cape Colony	£4,772,904
Natal	1,518,557
	£6,291,461

as compared with the imports in 1895:—

Cape Colony	£13,612,405
Natal	2,469,303
	£16,081,708

Of this increase, of course the largest amount has been done by the United Kingdom, but relatively the trade with foreign countries has made the largest strides as the following figures dealing with the imports through the Cape Colonial Ports only, but including goods in transit for the Transvaal and Rhodesia, will show.

Return shewing the Imports from the United Kingdom, British Possessions, and Foreign Countries to the Cape of Good Hope for the years 1885 and 1895, with the respective amount and percentage of increase in the ten years :—

	Year.	Amount in Sterling.	Increase in Sterling.	Percentage Increase.
United Kingdom	... 1885	£ 3,759,387	£ ...	... ...
Do.	... 1895	10,427,201	6,667,814	177.36
British Possessions	... 1885	578,810	... ...	... ...
Do.	... 1895	736,584	157,744	27.25
Other Countries	... 1885	434,707	... ...	... ...
Do.	... 1895	2,448,620	2,013,913	463.28
Totals of above ...	... 1885	4,772,904	... ...	... ...
Do.	... 1895	13,612,405	8,839,501	185.18

Of the Foreign Countries which have taken the major portion of this increased trade, Germany and the United States are the principal ones. The imports from these countries during the last three years have been :—

	1893	1894	1895
United States	... ... £ 494,854	£ 522,497	£ 873,420
Germany	... ... ... 244,576	448,412	772,940

The detailed reports appended hereto will give the reasons for this increase in particular lines, but there are one or two general reasons which may be added.

As regards the United States, there is no doubt but that one of the most powerful factors in developing their trade with this Colony has been the direct steam communication established in 1894. Up to that time the only direct communication with America was by sailing vessels, which arrived here about every two or three months, consequently the trade had then no opportunity for development, required a comparatively large capital, and was in few hands.

But now not only does America enjoy direct steamer communication with South Africa, but the rates of freight from that country are actually lower than from the United Kingdom, and that notwithstanding the fact that the distance is longer, and there is absolutely no return cargo.

It is worthy of note that the steamers from America are run by identically the same companies as own the steamships running between Great Britain and South Africa.

We give for your information a table shewing the respective rates of freight on sundry articles from America and from the United Kingdom.

List of Goods.	Rate of Freight from America.	Freight from England by Clan or Bucknall Steamers.		Freight from England by Castle or Union Intermediate Steamers.		Freight from England by Mail Steamer.		Difference in favour of America against lowest Freight from England.	Difference in favour of America against lowest Freight from England per Mail Steamer.
		s.	d.	s.	d.	s.	d.		
Carriages and parts under £30 value, furniture, ploughs, harrows, rakes, harvesters, binders, mowing machines, hay-cutters, scrapers, pick handles, hollow ware, oil cans, lawn mowers, garden seats, basket-ware, beehives, brooms, buckets, waggons, carts, trucks, chairs, corn mills, grindstones, waggons, jacks, ladders, refrigerators, sash cords, weights, trunks, churns, vices, sad irons, lasts, twine in bundles, washing machines, wheelbarrows, windmills, wire cages, etc., hard-woods, etc.	22 6	31 3	32 6	33 9	8 9	11 3			
Clocks, scientific instruments, tobacco in bales or hogsheads	22 6	42 6	45 0	47 6	20 0	25 0			
Duck or canvas ...	25 0	42 6	45 0	47 6	17 6	22 6			
Do. in bales	25 0	31 3	32 6	33 9	6 3	8 9			
Staves	15 0	22 6	22 6	22 6	7 6	7 6			
Poplar, spruce, white pine, under 15 ft. long and 6 in. diameter	15 0	22 6	22 6	22 6	7 6	7 6			
Poplar, spruce, white pine, over 15 ft. long or 6 in. diameter	15 0	31 3	32 6	33 9	16 3	18 9			

It may also be mentioned that up to quite recently sailing vessel freights have been cheaper from the United States of America than from the United Kingdom, in consequence of a combination of sailing ship brokers in London maintaining the latter on an artificially high basis.

As a consequence of these increased facilities of communication and lower freights, several American houses have established agencies here for the sale of American goods.

As regards the increased trade with Germany, the same reasons which account for Germany's trade generally, will explain it equally well in connection with South Africa, outside the Transvaal.

It may, however, be stated that many lines of German goods are peculiarly adapted to this country, being cheaper and shovier than the British. It must be remembered that outside the Mining Centres and the coast towns the people are, comparatively speaking, poor: the consequence is that the demand runs on the cheaper classes of goods, and wear is not of so much importance.

As regards freights, the rates were some time ago lower from Germany than from England, and this fact undoubtedly gave an impetus to the importation of certain lines from the former country, but now they are practically the same to Colonial ports.

The German manufacturer has an advantage in the fact that "through rates," are quoted by the German Railway Companies and the German East African Steamship Company from interior manufacturing towns in Germany to Johannesburg via Delagoa Bay.

LETTER FROM THE GOVERNOR OF NATAL TO MR. CHAMBERLAIN.

Government House,

Pietermaritzburg, Natal,

February 23, 1897.

Sir,

In reply to your Despatch of 2nd November, 1895, I transmit a copy of a Minute from the Colonial Secretary, forwarding such information as it has been possible to obtain with reference to the extent to which foreign imports have displaced, or are displacing, similar British goods in Natal.

2. A printed return has been prepared in the form prescribed in Annex No. 1 of the Despatch. Mr. Murray points out that considerable quantities of goods manufactured in foreign countries, and bought in and shipped from the United Kingdom are not included in the return under the head of "Importations from Foreign Countries."

3. Referring to Annex No. 2 of your Despatch, you will see that the Durban Chamber of Commerce, which at first volunteered to assist in collecting the desired information, eventually discovered that there was a general objection on the part of the Merchants to entrust information concerning their business to the Chamber of Commerce, and recommended the Government to address its enquiries to the merchants direct. The Government has not been able to obtain, except from a few firms, any statement of reasons for preferring foreign to British goods, nor has it been possible, as yet, to obtain samples. Copies of such replies as have been received from merchants on the subject are forwarded, but as the replies are few in number, it has been thought better not to include in the printed return the "reasons" given for importing foreign goods.

4. The "reasons" so far as they go may be summarised as follows:—

- (1) Lower freights.
- (2) Lower cost.
- (3) Cheaper and more compact packing.
- (4) Alertness of agents of German and Belgian manufacturers.
- (5) In some cases better or more suitable quality. One firm states that they "have of late years shipped large quantities of cheap cotton clothing made on the Continent, but find this can be done now just as well in Great Britain, possibly owing to the cheap labour derived from the influx of Polish Jews."

5. Assuming that the printed return is correct, the percentage of foreign goods imported, as compared with the total of imports included in the table, was in 1884, 5.58; in 1889, 5.67; and in 1894, 5.67. The true percentage was probably somewhat higher than these figures, as Continental goods re-shipped at English ports are not included in the return under "importations from foreign countries." On the other hand, of late years, both of the principal British steamship lines have taken to calling at Continental ports, and a direct German line was established in 1890. Goods shipped at Continental ports are included in the return, under the head of "importations from foreign countries," and the fact that the percentage, as shewn by the return, was only one-tenth more in 1894 than in 1884 would seem to indicate that the proportion of foreign imports was really less in the latter year.

6. On the whole the information which has so far been collected (which, however, is admittedly imperfect) points to the conclusion that though there has probably been a displacement of British goods in some lines, that displacement was not very serious during the ten years 1884-94, and that, on the total of the imports included in the return, the displacement, if any, did not assume large proportions.

Comparing 1894 with 1889, the displacement would appear to have materially decreased.

7. The matter of samples is being followed up, and I have asked the Colonial Secretary to let me know in due course what he has been able to do about them.

I have, etc.,
WALTER HELY-HUTCHINSON.

EVIDENCE OF MR. H. H. CLARKE, EXAMINED BEFORE THE
SELECT COMMITTEE ON MERCHANTISE MARKS, MAY, 1897.

Questioned by the Chairman, SIR JAMES FERGUSON.

Chairman:

3074. You are a member of the firm of A. E. Booth and Company, South African Merchants, of Finsbury Circus Buildings, London, E.C.? Yes.

3075. What, in your opinion, has been the effect of the Merchandise Marks Act on the shipping trade of the country? I have had nearly 20 years' experience of shipping matters in connection with the South African trade. I am a member of the London Chamber of Commerce, but I am not giving evidence on its behalf. I believe the Act has done a maximum of good with a minimum of harm. It is aimed at illegitimate and fraudulent trading, and affords protection to British traders. As shipowners had given and were likely to give evidence against the Act to the effect that it had injured them in their transit trade and had benefitted the Foreign Mercantile Marine at the cost of our own, I decided to give rebutting evidence in that regard, as far as the South African trade is concerned. If the shipowners have been detrimentally affected in their transit trade, as alleged, they have themselves to blame to a great extent, since they encouraged the diversion of goods from British ports by putting on steamers at Hamburg and other Continental ports to take cargo to South Africa without transhipment; and whereas the rates from such ports were 5s. to 1s. 6d. above the rates from British ports, the British Steamship Companies now carry the goods from these foreign ports at the same rates. The Deutsche-Ost Afrika Linie was started as a direct line to South Africa in about the year 1894, and it is a fact that under its through-rate system many classes of goods can be conveyed from inland towns of Germany to South African ports at much lower sea-freights than are charged by the British Lines at Hamburg or any British port. This through-rate system of the German Company really covers a preferential sea-freight as well as a preferential railway rate. Such railway rate is granted by the State Railways on goods consigned to German steamers only. And the arrangement of the German-British Shipping "Ring" is that the British lines shall not compete against the low freight charged under the through-rate system. I submit the following specifications in support of my statement that a lower sea freight is charged as stated:—

1,000/10—11 cases hardware (as made in Birmingham and Wolverhampton).

Freight.

German through rate, Pinneberg to Durban, 1,402 kilos, at M.9.43	£6 13 0
British rate of freight, Hamburg to Durban, 215ft. 9in. at 40s. per	
ton of 40ft.	10 15 9

Difference	£4 2 9
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That is, the German line will convey the above goods from Pinneberg to Durban, at 1s. 6d. per ton under the British rate, from Hamburg only, or from any British port.

6,000/1—2 cases of hardware (as made in Birmingham or Wolverhampton).

Freight.

German through-rate from Kiel to Durban, 268 kilos, at M.9.73	£1 6 4
British rate from Hamburg to Durban, 51ft., at 40s.	2 11 0

Difference	£1 1 8
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That is, the German line will convey the above goods from Kiel (a distance of 70 miles from Hamburg) to Durban at 1s. 5d. per ton under the British rate, from Hamburg only or from any British port.

8,439 41—3 bales cotton goods (as made in Manchester).

Freight.

German through-rate from Bocholt to Durban, 322 kilos, at M.8.07	£1 6 0
British rate from Hamburg to Durban, 61ft. 9in., at 40s. per ton	
of 40ft.	3 1 9

Difference	£1 18 9
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That is, the German Line will convey the above goods from Bocholt, a distance of 231 miles from Hamburg, to Durban at 23s. 9d. per ton under the British rate from Hamburg only, or from any British port. The foregoing figures of weights or measurements refer to actual shipments either by the German or the British lines.

3076. Before you pass from that can you say whether these lines are subsidised by Government? Yes, the German Line is subsidised. This is the German Line Sir Donald Currie referred to in his evidence, and I think that he put it to the Committee that they have a subsidy from the German Government of about £10,000 to £15,000. With reference to the American trade to which Mr. Beckett Hill made reference, I may state that before the direct steam lines were started in 1891, the great bulk of American goods was conveyed in sailing ships direct to South Africa, and only goods that were urgently needed were brought to this country for transhipment. But four of the British Companies who are members of the German-British Shipping "Ring" were largely the promoters of these direct lines, and until recently many classes of goods competing with British Manufactures were carried by them at rates very much lower than those ruling at British ports, to the serious disadvantage of British traders. It is obvious that under such favourable freight conditions American trade has increased and American goods are no longer brought to British ports for transhipment, that is, so far as the South African trade is concerned, of course. I suggest, then, that the shipowners are labouring these transit-trade grievances to discredit the Merchandise Marks Act, whereas their own colleagues are, to a great extent, responsible for the falling-off of trade complained of. But more detrimental to British trade than any Merchandise Marks Act could be, is the "rebate" system of the Shipping "Ring," which has created a monopoly at British ports of steamer freights in the South African trade, and has (a) maintained artificially the high rates of freight now in force at British ports; and (b) deprived merchants and manufacturers of a free trade in freights, and restrained their free course of trade; and (c) enabled foreign merchants and manufacturers, notably German and American, to get lower sea freight through foreign ports than can be got by British traders at British ports. Under this system (that is the rebate system) a charge of 10 per cent. above the market freight is made and retained by the shipowners, but is refunded to the Merchant or shipper on terms that give the shipowner complete control of the market of steamer freights to South Africa at British ports, and it is these unfortunate arrangements of the Shipping Companies which enable the foreign mercantile marine to be developed by low sea freights, against which no British Shipowner can fairly compete, because of the monopoly of the Shipping "Ring."

3077. In fact you attribute any loss that British trade suffers in the transit trade, mainly to the foreign steam competition, and not to the Merchandise Marks Act? So far as the South African trade is concerned, I attribute it, as I say in my evidence, to the fact that the British shipowners, in the first case, after the passing of the Merchandise Marks Act, put on more steamers at Continental ports to convey goods direct to South Africa without transhipment at British ports, and, of course, as a British Merchant, I naturally prefer to ship my goods at Continental ports without having them again disturbed at British ports, especially when the rates are as low as those ruling in British ports.

Mr. Samuel:

3078. The goods you buy on the Continent you mean?—Yes. With reference to this statement I make as to the Rebate System, perhaps I ought to elaborate it somewhat; for instance, I make a statement here that the rates have been maintained artificially by that system—the high rates of freight now in force. As a proof of that, I refer to the fact that only recently a substantial British syndicate was ready to put on a line of steamers to South African ports at freights perhaps 20 to 30 per cent. under those now in force; but owing to this rebate system, and the hands of the merchants being tied by it, they were unable to get the necessary support, and so far as I know the scheme had to be abandoned. I merely instance that as proving that this system maintains high rates of freight at British ports. Then, again, I speak of the restraint upon trade, that is to say that merchants are restrained in their free course of trade; and I would like to point out in reference to that,

a particular case. Only a short time ago we had a consignment of goods offered to us by an Austrian firm for shipment by an Austrian steamer, entered outwards for Durban, I think about two months ago. They offered us hardware goods at cost, freight, and insurance 20 per cent, under the regular prices which we had paid through, for instance, Hamburg; and they said that this difference of 20 per cent, was due to the low freights they were able to get from the Austrian Steamship Company. We were unable to accept that consignment on account of the rebate system of the steamship companies. They have a circular which, perhaps, I might read, if you think it necessary now. It is dated 22nd December, 1892. This is the circular now in force to which I am referring: "Shippers to all parts of the Cape Colony, and of Natal, and to Delagoa Bay are hereby informed that as from the 1st September, 1891, and until further notice, and subject to the terms and conditions set out herein, each of the undernamed companies and lines of steamers will pay to the shippers by their line, in lieu of the 5 per cent, payable under the circular dated 30th November, 1887, a commission of 10 per cent, calculated upon the net amount of freight received by such company or line from such shippers on shipments from the United Kingdom and (or) the Continent. The said commission to be computed every six months up to the 1st March and 1st September, in each year, and to be payable nine months after such respective dates to those shippers only who, until that date upon which the commission shall become payable, shall have shipped exclusively by steamers despatched by the undernamed companies or lines of steamers respectively from the United Kingdom and (or) the Continent to ports of the Cape Colony, Natal, and Delagoa Bay, as defined below, and set against their respective names; and provided that such shippers, either as principals or as agents, have not directly or indirectly made, or been interested in any shipments to any of the aforesaid ports by steamers other than those despatched by the under-named, and also provided that the statement of claim for such commission shall be made in the annexed form, within 12 months of the day of shipment, to the company or line of steamers which shall have carried the goods in respect of which the commission is claimed." As that circular is now in force we were unable, as merchants, to avail ourselves of the opportunity of accepting this consignment. We pointed that out to the Austrian manufacturer, and he replied that the goods would be shipped nevertheless, and would be consigned either to a German or Austrian Agent in Durban. That is a particular case where a merchant's free course of trade has been restrained by this shipping arrangement of the steamship companies; but, then, as affecting British trade, you will see its effect. These goods are landed at Durban at 20 per cent, under the regular cost, owing to the low freights charged by the Austrian Steamship Company; and the hands of merchants are tied over here, and they are unable to avail themselves of that low freight, and therefore they lose their interest in the shipment, the British manufacturers over here are injured, as goods competing with theirs in Durban are landed at lower freights, and of course our manufacturers suffer in that way. That is to say, if the goods going from Wolverhampton, competing with these goods are landed at Durban, and they cost 20 per cent, more on account of higher freights, the British manufacturers suffer in their trade in consequence. And then, to take a general case of the restraint of trade, I would refer to the Manchester Ship Canal Company. As the Committee are aware, of course, that company has spent many millions to develop the trade of Manchester, and to make that canal, and they are anxious of course to have a direct export trade, say, for instance, with the Cape; but they are unable to develop that trade on account of these arrangements with the shipping companies—these monopolies—especially, for instance, in the South African trade. I believe they would be ready to start a direct line of steamers if they saw the slightest possibility of a free course of trade. On the 25th August the Chairman of the Manchester Ship Canal referred to this very matter; I will give his very words: "The import trade increases," he says, "more rapidly than the export trade. You know we are a great importing nation. We import a much greater value than we export, not only that, but in this particular district the consumption of heavy articles, imports, such as grain, flour, provisions, cattle, meat, timber, wood-fibre, and other articles is enormous. Besides this the import trade is less bound down by these shipowners' conferences." These conferences are created by this rebate system to which I have referred.

Mr. Mundella:

3079. I do not understand why you could not accept the Austrian consignment. Are you under an engagement that all the goods you take to your Cape house, your Durban house, shall come in these British ships?—No; but I pointed out that the circular now in force of the British companies affects us in this way: Had we accepted their consignment, I do not mind saying that we ourselves should have at once lost about £1,500 which the shipping companies hold under that system.

3080. The drawback, do you mean?—The rebate that they hold.

3081. That is to say, that if you accept a consignment through any other shipping agency than those in what you call the “Ring,” you forfeit your rebate?—Yes, we forfeit our rebate. There are different systems in force, I believe, but the one in force in the South African Trade is this: We have to claim every six months, and the amount of rebate we claim is paid nine months afterwards on condition that during the whole period covered by the claim, and up to the date of payment, we have shipped exclusively by the steamers put on by the Shipping Ring or Conference.

Mr. Samuel:

3082. That is equal to 15 months?—Yes: it covers 15 months. The effect of that is that had we accepted this consignment we should have lost ourselves about £1,500.

Mr. Spencer:

3083. That represents the rebate of the 15 months?—As a matter of fact it would affect 18 months, because the claims are sent in every six months, and if the three months part of the claim would be vitiated, the whole claim would be vitiated; so it affects 18 months.

3084. There is not an agreement to that effect, but they pay you this rebate as a matter of grace and favour; they do not give it to you if you do not observe the rules?—There is no agreement between us, we have the freedom to lose our money if we like.

Mr. Mundella:

3085. You import German goods, I understand, to the Cape?—We buy German goods for our clients in South Africa.

3086. You are importers of all classes of goods, and German goods amongst others?—Yes, we are really export merchants. We buy goods in Germany that we ship direct to South Africa for sale there.

3087. But you have a house in the Cape?—We have two houses, and we also ship to other clients. We ship to clients in different parts of the Colony.

3088. Is your trade with Germany increasing in a larger proportion than your trade with England?—I have not any figures in my mind to guide me in that at the present moment. Generally, I am sorry to say, in my experience of the last twenty years, the German trade has considerably increased with South Africa.

3089. You think it has?—I know from actual statistics that it has.

3090. Is it a growing trade, then?—Yes.

3091. And it increases faster than the British trade?—It has done so. I believe in the last six years the German trade has increased six-fold, whereas the British trade has barely doubled.

3092. But it was a much larger sum to double?—Exactly.

3093-4. You can increase a small thing quicker?—Yes. I am just giving this instance of the Ship Canal Company. The Chairman went on to say: “Shippers of produce at foreign ports have such large amounts to ship that they can charter vessels, and are practically in most places independent of shipowners, but the export trade has continued to be at the mercy of the Shipowners’ Conferences, with the result that goods manufactured in foreign countries of the same class, are carried to the same places at very much lower

rates of freight than what are paid by British manufacturers. Our exporters seem quite satisfied to sit down under this, and will take no action. Ship-owners, true to the old saying, that united they are strong, divided they are weak, combine; and shippers here allow themselves to be dealt with individually. What amazes me is that our manufacturers are so supine in this matter, because surely they must realise that the intermediaries, the commission merchants, if they pay higher rates of freight than are paid on the same goods by foreign competitors, must take the difference out of the price paid to the manufacturer. Perhaps some day our local Chambers of Commerce may see the importance of this question, and take it up vigorously. It is not my province to deal with this matter on behalf of the manufacturers of the district. If the goods were being shipped at Manchester, I should not enquire as to the rates of freights paid, and our directors would not trouble themselves about it either. I only mention it because I have to give you a reason why your directors are unable to obtain a proper share of the export of Manchester goods and other goods manufactured in this district, and the reason is as I have stated it."

3095. Do we rightly understand from you, then, that the South African Shipping Companies in this country will ship German goods at a lower freight than they will ship the same goods from English ports? No; not the British companies. The arrangement by the British Shipping "Ring" with the German company in about the year 1891 was to this effect: That goods shipped at Hamburg, that is to say, delivered at Hamburg for shipment, and not coming from an inland town, should pay the same freight as the British lines; but the arrangement made with the German company was also that they (the German company) might have the right under the through-rate system to benefit from the preferential rates of the German State Railways. Sir Donald Currie, I think, referred to that in his evidence.

3096. Do I rightly understand that these English Liners go to Hamburg to get freight?—Yes, certainly.

3097. And there they take in German goods and convey them to Durban, for instance at as low, or lower, rates than they take English goods here?—The arrangement is now at as low rates. For instance, the Union Steamship Company have two sailings from Hamburg in the month; the steamer sails from Hamburg, and then calls afterwards at Southampton to finish loading.

3098. And the work that is done between Hamburg and Southampton is not charged for?—Practically not charged for; and that is my point against the contention of the steamship owners; because after the passing of the Merchandise Marks Act, if these goods have to go from Hamburg, I contend, as a matter of business policy, they should have got a higher rate of freight than a lower; but since the German line started, in 1891, they have reduced their freights in Hamburg 5s. a ton, and, at some other ports, 7s. 6d.

3099. Then they have not been driven to do that by the severity of the German competition, owing to the German bounties? No doubt that is so; but the point I wish to emphasise is that the arrangement has been made with the British Shipping "Ring," and under that arrangement German manufacturers can get much lower sea freights than British manufacturers can get through British ports.

3100. Formerly, before this arrangement was made, were the goods sent to this country in German vessels and transhipped on board English vessels, or how were the German goods sent to South Africa? Before the passing of the Merchandise Marks Act, I believe, we had a few direct sailings from Hamburg; I cannot say for certain, but so far as my firm is concerned our goods were usually shipped on a through bill of lading from Hamburg, and then transhipped either at Southampton or London.

3101. Are you of opinion that this competition with the German mercantile marine is due to the passing of the Merchandise Marks Act, or is it due rather to the subsidies and encouragement they receive from their own Government? My private opinion is that the Merchandise Marks Act had nothing whatever to do with the matter; but Sir Donald Currie in giving evidence asked you, I think, specially to take cognisance of these preferential rates of the German State Railways. He thought that was a matter for your

consideration. But, if you consider that, I ask, as a merchant, that you should also consider at the same time the effect of this rebate system upon British commerce in connection with that. I think I have pointed out how a merchant is restrained in his trade by that system, and how foreigners can get advantages which are denied to British merchants and manufacturers.

Mr. Charles Murray:

3102. I gather that the gist of your evidence is that there is a very distinct preferential rate to the foreigner, because very few German goods are made in Hamburg; they all practically come from the interior? Yes.

3103. Therefore the result of your evidence is practically that there is a distinct preferential rate by the German Line?—Yes, that has been admitted all along; but the shipowners refused to admit the fact that under the through-rates the German line sea-freights were also lower. We understood that the arrangement that was made with the German Company was that the through rates should only have really the benefit of the preferential rates of the German State Railways, and of course we could not expect British Companies to compete against the preferential rates of the German State Railways. But we do say that the British Companies should have safeguarded, at any rate, the interests of the merchants and manufacturers in this country, in their arrangements with the German line, to prevent that line from charging lower sea freights under the cover of their through-rate system. In the cases I have given you I have shown that apart from the preferential rates on the German State Railways, goods can be conveyed from Bocholt to Durban at 23s. 9d. per ton under the British rate from Hamburg or any British port.

3104. How much of that would you ascribe to the German State Railways?—Not a penny, because the effect is that the goods are handed over to the German State Railways at Bocholt, and we have no railway charge to pay ourselves; we have 23s. 9d. per ton less to pay than if we had taken delivery of the goods in Hamburg, and in addition there is no railway rate to pay. The explanation that I have heard given is that the State Railways and the German Companies work the matter between them, and I have been told by one in high authority that, as a matter of fact, the German line really gets the full freight as charged by the British Companies. In that case it would mean that the German Government practically carry the goods to Hamburg for nothing, and then pay their Steamship Company, as in this case, 23s. 9d. per ton, which seems to be an impossible explanation.

Mr. Spencer:

3105. You spoke of a British Ring and a German Ring of Shippers; do they work together?—I think I called it a German-British "Ring"; it is a combination of the German Steamship Company with the British Companies.

3106. You have spoken of these great differences; for instance, you gave us from Pinneberg to Durban, £6 13s., against £10 15s. 9d.?—Yes.

3107. That is absolutely done, with the cognisance, if not the approval, of the English portion of the Ring, is it? Yes, this matter has been discussed in the South African section of the London Chamber of Commerce, and I may mention that the shipowners at first denied that these facts were accurate, but from the evidence of Sir Donald Currie before this Committee I think you will see that he actually admitted that our contention is right.

3108. The net result of that is that the German Merchant in competition with yourselves gets a preferential rate both by sea and by land?—That is my point.

3109. Very largely, of course, to his advantage?—Yes.

3110. You were talking of an Austrian firm, who you said offered you a shipment at 20 per cent. under price; did I rightly understand that was the German price or the English price?—That was the price of the goods sold by this firm.

3111. The Austrian firm?—Yes.

3112. But you said that there was an advantage of 20 per cent.?—Yes; which this supplier pointed out to us was due to the lower freight he was paying to the Austrian line.

3113. But had you in your mind the German price of hardware, or the English price? The 20 per cent. referred to his own goods.

3114. Under the normal price? Yes; he was able to sell those goods, cost, freight, and insurance, 20 per cent. below his usual price, which was due to the advantage in freight.

3115. And as a matter of fact the shipment did go there, and you lost the advantage of the trade? Yes.

3116. And it was there in competition with English goods? Yes; and my point, of course, is that the hardship to British trade is this: that here we have no free competition. We have a Shipping Ring.

3117. You say there is no free trade in the shipping. I also gather that the Manchester Ship Canal are prevented from extending their export business? Yes.

3118. But if they were to establish a line of steamers, would not they be taken into the Ring? That would be an arrangement, of course, with the Ring; but they are in such a strong position that they would naturally refuse to take in any Company of that kind. My idea is that a Steamship Company would require at least a quarter of a million to put aside as a fighting fund to commence operations.

3119. Then that absolutely debars the Manchester Ship Canal from getting the advantage it anticipated? Yes.

Mr. Samuel:

3120. Is the rebate paid in proportion to the amount of trade you do with these steam shipping firms? No, the charge is 10 per cent. on all freight debited to us, and that is paid throughout. That is to say, if we shipped 100 tons this week the charge would include this 10 per cent., and we should claim for that in due course.

3121. You would receive 10 per cent. back? Fifteen months afterwards, provided we had complied with their conditions.

3122. Then it is in proportion to the amount that you do; that is to say, that if you continued to ship with them you would receive the rebate of 10 per cent.?—Yes, 10 per cent. on the total of our shipments.

S.Y. "Solaire,"
Broadford, Skye,
12th July, 1897.

Dear Sir James Fergusson,

I am surprised to learn that Mr. Henry Heathcote Clarke appeared before the Select Committee on the Merchandise Marks on the 31st May last, to give what he termed "rebutting evidence," directed specially against the testimony which I had submitted to the Committee, to the effect that the transit trade of British shipowners had been seriously injured through the operation of the Merchandise Marks Act, with no practical gain to our manufacturers, but with great advantage to the Continental manufacturers, and the foreign Mercantile Marine.

Mr. Clarke did not deny that the shipowners of this country had suffered in their transit trade; what he pressed upon the Committee was the consideration of what appeared to him to be important, namely, that if the shipowners "have been detrimentally affected in their transit trade, as alleged, they have themselves to blame, since they encouraged the diversion of goods from British ports by putting on steamers at Hamburg and other Continental ports to take cargo to South Africa." And by way of illustration Mr. Clarke declared that in the Cape and Natal trades "the arrangement of the German-British Shipping Ring is that the British Steam Lines shall not compete against the low freight charged under the through-rate system" from inland towns in Germany.

Mr. Clarke assured the Committee that he attributed (Question 3077) any loss the British shipowners had suffered in the transit trade, not so much to foreign competition or transit regulations as to the employment by the British shipowners of their steamers at Continental ports, to convey goods to South Africa without transhipment at British ports.

Lastly, Mr. Clarke stated to the Committee (Question 3095) that the British steamship owners had arranged with the German East African Subsidised Company that they might have the right under the German through-rate system to exclusive benefit from the preferential rates of the German State Railways. Mr. Clarke ventured to associate my name with this statement.

I beg leave to assure the Committee—

(1) That it is not the case that British shipowners encourage the diversion of goods from British ports by putting on steamers at Continental ports, for they only put on these steamers to secure some portion of the traffic which they had previously in transit, and which was lost to them through the application of the Merchandise Marks Act.

(2) There is no "German-British Shipping Ring" debarring, as Mr. Clarke states, British shipowners, if they see fit, from competing against low freight rates under the German State Railways' through-traffic system.

(3) There is no right such as that declared by Mr. Clarke, under which the British shipowners can take advantage of the through-rate system referred to. The British steam lines are not allowed by the German Government the reduced inland rates on through traffic which are allowed to the German subsidised line trading between Hamburg and East and South Africa.

Mr. Clarke would have the Committee believe that the British shipowners had encouraged, to their own injury, the recent development of German trade, while all the time contending (Question 3098) that "as a matter of business policy the British lines should have charged higher rates than the German steamers for goods embarked at Hamburg," and yet, while urging this, Mr. Clarke puts forward the claim for his own firm that they were entitled to take advantage of the low rates ruling by German steamers at Hamburg, arguing (Question 3099) that "the German manufacturers can get much lower sea freight than the British manufacturers can get through British ports."

It is, however, not the transit trade nor the Merchandise Marks Act which troubles Mr. Clarke, and I feel it to be due to the Shipowners engaged in the trade to East and South Africa to point out to the Committee the real object and drift of Mr. Clarke's evidence. That gentleman told the Committee (Question 3076): "But more detrimental than any Merchandise Marks Act, could be is the rebate system of the Shipping Ring, which has created a mono-

poly at British ports of steamer-freights in the South African trade"); and immediately afterwards (Question 3077) Mr. Clarke gave the Committee to understand that British shipowners "put on more steamers at Continental ports to convey goods to South Africa without transhipping," and that he, "as a British Merchant," naturally preferred to ship his goods "at Continental ports, without having them again disturbed at British ports." In other words, Mr. Clarke agrees with me that there should be no interference by the Customs with his goods in transit, but that he would like to have the Committee to help him against the British shipowners by assisting his efforts to do away with the rebate system, and to aid him in obtaining low rates of freight!

Now this rebate question has, I venture to submit to the Committee, nothing whatever to do with the Merchandise Marks Act. Mr. Clarke has made persistent efforts to get the South African Merchants, and the South African Section of the London Chamber of Commerce, to adopt his views as to rebates, and he has failed; indeed, a short time ago, at a public meeting of South African merchants held in the City, he proposed the abolition of the rebate system, and could not get any support.

I protest against Mr. Clarke's effort by a side-wind, through evidence offered apparently in connection with the Marks Act, to introduce this question of rebates and the other question of reduced rates of freight. If the rebate system, rates of freight, sailings of steamers under mail contracts, and so forth, are to be dealt with by a Committee of the House of Commons, these matters should be considered by a Committee appointed for the purpose, where shipowners could state their case. I hardly think the House of Commons would agree to appoint such a Committee.

I shall be glad if you will place this letter before the Committee, to be recorded as supplementary to my evidence.

I remain, etc.,

(Signed) DONALD CURRIE.

The Rt. Hon. Sir James Fergusson, Bart., M.P.,
Chairman of the Merchandise Marks Act Committee, London.

STEAMSHIP SUBSIDIES.

1901.

EVIDENCE OF SIR A. SWETTENHAM, K.C.M.G., GOVERNOR OF STRAITS SETTLEMENTS, AS TO THE INFLUENCE OF CONFERENCES OR RINGS IN THE EAST ON BRITISH TRADE.

After giving names of various steamship lines running to the Straits Settlements, Sir A. Swettenham replied to the following questions:—

2238. Outside the special lines is there also a trade in what I will not call tramps, but casual callers?—Yes; we always call them tramps.

2239. They generally go by the name of tramps—they pick up freight wherever they can. Does the British trade in that class of vessel preponderate very largely over the others to the Straits Settlements?—The tramp has been killed out absolutely by this Ring to which I refer—there are no tramps now—at least a tramp cannot take any freight from Singapore. It can come loaded with coal to Singapore, and discharge its coal, and go away in ballast to find a port where it can get a freight. There may be ten million tons waiting in Singapore, but it cannot get it.

2240. Then that class of vessel does not count?—It is boycotted.

2241. Are the freights on goods carried to the Settlements by foreign ships lower than those charged by British shipping?—It is impossible for anybody but a person who is in the innermost circles to say, for really things have got into such a state now that it is impossible to say what the freight is.

2242. Do you mean that the Ring is so close that they will not let it be known?—No, but there are return commissions, and so on.

2244. From your knowledge of the Straits Settlements, are British ships holding their own there with foreign ships?—No, certainly not, or we should not have had the German Line doubled.

2245. Is the distance that goods are carried to the Straits Settlements from England, Germany, and Belgium, practically the same?—I should think practically the same; but I may tell you that the freights from the Straits Settlements to New York (which is a very much greater distance) are almost half what they are to England, because New York is outside the sphere of the operations of the Ring.

Sir Charles Cayzer:

2374. Is this the outward Conference?—There is one Conference, but two Chambers.

2375. Which Chamber is that?—I am taking them altogether. I am not dividing them into Chambers. One Chamber is British, and the other is foreign. Of course the Messageries Maritimes would be in the Foreign Chamber, and so would the North German Lloyd.

Mr. Evelyn Cecil, Chairman:

2376. You are taking them together?—Yes.

2377. We may conclude that the foreign ones belong to the Foreign Chamber, and the British companies to the British Chamber?—Yes, absolutely. That is the only distinction. Then there was the Glen Line, the Ben Line, the Hir Line, Holt's Line, the Japanese Mail, and the Chinese Mutual. The Chinese Mutual first fought the Conference, but afterwards was obliged to join it. That was the old Conference. The object of the Conference was to raise the freight, and it had been very successful in doing so, but the way in which it has worked has damaged British interests.

2378. In what way?—Well, in the first place, I believe Great Britain owns a far larger share of what are called "tramps," that is solitary vessels, than any other nation, and the Conference, as I say, absolutely boycotts "tramps," so that, as I say, taking coal which comes from England to Singapore from Cardiff, and generally comes by a tramp, when the tramp has delivered its coal at Singapore it has to go away in ballast, and find some other place in the east at which it can ship a cargo, which is difficult. It can ship a cargo for New York, but it cannot ship a cargo for Europe at all, so that our English coal in Singapore costs us a great deal more than it ought to do because the vessel which brings it there must secure a return freight at once.

If it were not for this Conference all these tramps would secure a return freight. Then, of course, it injures our development by the fact that freights are artificially raised there. They are higher there than they would be if there was free competition in the market. Then, again, why I do not know, the Conference has so fixed matters that the freights which they quote favour the Continent at the expense of Great Britain to a very great extent.

2379. Is that the fault of the British Chamber? I cannot tell you; I am not in the inner working of the Conference. I can only say what the results are.

2380. I quite believe you are not. Are there any agreements as to only calling at particular ports, or coming from a particular district as regards one company, and another district as regards another company? I think not, but they have arrangements whereby the particular district should be served at particular rates which are preferential practically. They are all preferential with regard to Great Britain. Great Britain is but the hardest with regard to freights of any country going. As I say, the freight to New York is very much less than it is to Great Britain. Then the Conference will not allow anything to be sent via the Cape. If a merchant in Singapore sends 10 tons of goods via the Cape in the year he forfeits his rebate which the Conference offers of 10 per cent, on the whole of the freight which he has sent by the Conferencee. In fact he is in the hands of the Conferencee. Practically he forfeits 10 per cent, on the whole of the freight which he has paid in the year, to everywhere except America. Well, of course, that is a tremendous forfeiture, and no merchant will face it.

2381. Those are regulations which are of great disadvantage to the public in your opinion?—Immense.

2382. Any subsidy that were given by the British Government would, I suppose, go quite as much to forwarding the objects of the Conference as to any other purpose?—If you were to subsidise every British line in the Conferencee to-morrow it would not alter the state of things, as far as I can see. You would simply have enlarged the profits of the members of the Ring, but you would not have done the outside public one little bit of good, nor would you have diminished the German competition. You would merely have thrown so much more money into the pool. That is all; that is my difficulty.

2383. Therefore, if any special advantages were given by the British Government under particular circumstances, such as you have suggested this morning, for new markets or for any special purposes, there would probably, if possible, have to be very strict conditions as to how these efficient steamers were to be run, or else subsidies ought not to be recommended?—As long as the Conferencee exists I do not see what profit is to come to anybody, except the subsidised steamship companies, from any subsidy to any member of the Conferencee.

2384. Have you any recipe for destroying the Conference?—In Singapore the Conference is illegal, and could be destroyed to-morrow.

Chairman:

2393. In your opinion the existence of the Shipping Ring or Conference is very serious to the national interests from a national point of view?—The way in which this particular Conference has been worked, I have no doubt has encouraged the foreigner to offer to their Governments, provided they got from their Governments some sort of return, in the way of a subsidy, an increase in regular lines to the East. I have no doubt about that, and that is the direct result of the raising of the freight.

2394. And any general recommendation that subsidies should be granted would really act as a prop to shipping rings?—You might just as well throw the money into the sea, sir.

Sir Charles Cayzer:

2395. I understand that to-morrow you are leaving for America?—I am.

2396. It is now late, and as many members of the Committee would like to hear you further on this Conference question at our next meeting, they will not be able to do so. You have told the Committee the names of several English lines, and also foreign lines who form what I suppose I may call the China Conference?—Yes.

2397. And the object of the Conference, you say, is to raise the rates of freights?—Yes.

2398. Is it not rather to regulate rates of freights?—When it was started it was started to raise them. To regulate them at that rate would have meant starvation.

2399. But by regulating rates of freights I mean to regulate rates of freights among each other?—No; the idea was to raise rates, I believe, but of course I am not in the management. I am only taking an outside point of view. The immediate result of the formation of the Conference was to raise them.

2400. The object of the combination of shipowners, English and foreign, is to maintain the rates, as you say, among themselves?—Yes.

2401. Are you aware that there is sufficient competition within these lines to prevent an undue raising of rates of freight?—No; I should say, certainly not. If there is freight enough for them all, which there is, and they can refuse admission to anybody else into the Conference, and they have already a monopoly, which three things I think are absolutely true, there is no reason why there should be any combination amongst them at all.

2402. A conference cannot establish a monopoly. It is open for anyone to attack that conference, and to enter that trade if rates are raised a good deal?—Let me explain how it has established a monopoly. Every merchant is entitled to a rebate of 10 per cent. on whatever he pays to any line in the Conference on the whole of his transactions in the year. But he forfeits the whole of that 10 per cent. if he uses any other line for sending a ton to Europe. The result is that unless you could establish, in opposition to the Conference, a line of steamers so universal that it had as great a tonnage as the whole of the ships of the Conference put together, and visited every port which the Conference visited, and gave equal facilities for every port in the place, the Conference has a monopoly. No, it is quite out of the question to establish an opposition as powerful as that. Smaller oppositions have been tried time after time. There is a merchant in London to whom I was talking the other day who ran two ships, or three ships, I believe, in opposition to the Conference. He had to stop because no merchant dared to give him any freight. Every merchant saw there would be nothing to make up to him this enormous rebate of the 10 per cent. on everything which he sent by the Conference Lines, and he could not face the forfeiture.

2425. You said to the Committee that these Conference freights favoured the foreigner. Can you tell me where and how they favour the foreigner?—Yes.

2426. Tell me very briefly—I was looking for a despatch from the Governor of Hong Kong where he described it: "To illustrate the effect of differential rates, the steamers of the Conference Line bid for Continental traffic by carrying goods from Foreign Ports at lower rates than those granted to British exporters." This I have heard explained by statement that the large steamers now used could not secure a full cargo from England and are obliged to fill up with Continental cargo, at lower rates; but, on the other hand, I am informed that even at the lower rates, the Continental ports are given priority in shipment. The result is that many British commodities are being squeezed out of the Eastern markets. The Conference appoints secretaries at various centres of trade, who represent all the above lines. To illustrate the effect of differential rates, I will take the case of cement, for which there is a large demand in China. English cement is sent out by Belgian entirely on account of the difference in freight. I have before me an invoice for Belgian cement of first natural quality, which is sold for 5s. 3d. per barrel. A similar quality in England is sold at 5s. 9d. per barrel. The

freight from Antwerp is 15s. 9d.; from an English Port it is 20s. net per ton, plus 10 per cent. primage, or 22s. It is evident that English cement could not compete against such adverse discrimination. The freight of bar iron in a Conference steamer from Belgium is 12s. 6d. per ton; from an English port about 18s. On iron girders 19s. from Antwerp, 25s. from London. The rates are the same for all Eastern ports from Hong Kong to Yokohama. The result of the combination will further be seen by a comparison with the rates to London and New York. General merchandise from an English port costs 12s. per ton of 40 cubic feet, plus 10 per cent. primage. From New York, which is 2,000 miles further, the freight is only 30s. per ton. Piece goods from Manchester cost 12s. 6d. net, from New York 20s.; and cotton goods 57s. 6d. from Manchester via London, and 25s. to 26s. 6d. to New York; and so on with all commodities.

2427. We are dealing with the China Conference. We do not want to go to New York at present. Will you tell us whether these cheaper freights are not owing to these preferential railway rates in cement?—I do not see how. The railways are not in the Conference. We are talking about comparing the freight from an English port with Antwerp. No railway comes in there.

2428. As I understand these foreign lines that are within the Conference charge the same rates as the English lines to the same ports?—Yes.

2429. It is not the Shipping Conference that favours the foreigner. It must be some of these tramp ships which you are speaking about?—I do not understand that. If Conference freight from Antwerp is 15s. 9d. net per ton, and the freight from an English port is 20s. net per ton, surely the Conference, in fixing 15s. 9d. as against 20s. for an English port, is unduly favouring Antwerp at the expense of Great Britain.

2430. They would be both Conference steamers?—Yes; I am quoting Conference rates here.

EVIDENCE OF MR. SAMUEL (OWNER OF STEAMERS),

IN ANSWER TO STATEMENTS BY SIR A. SWETTENHAM.

Mr. Evelyn Cecil, Chairman:

3470. You wanted to say something about Sir Alexander Swettenham's evidence?—He spoke of the Conference, which, he explained, had for its object to raise freights and keep out tramp steamers, which had been boycotted by the Conference; he said the tramp steamers took out coal, for which they had to charge very high rates, so that English coal was very much dearer than it ought to be. The average freight from Cardiff to Singapore is about 20s., and when steamers go out to Singapore they rarely, if ever, can find enough cargo to load in Singapore to bring Home. The Conference started originally in Japan and China in the early eighties, and Singapore was outside the Conference, and then the principal lines running out were the P. and O., the Clan, Holt's, the China Mutual, and Gellatly's. Then afterwards the German and the French lines started out there, and we left Singapore out of the Conference until about 1896 or 1897, and there was such a fight for a cargo in Singapore that we were actually carrying the cargo from Singapore to the United Kingdom and the Continent for dead weight at about 5s. per ton of general measurement, for about 15s. and 17s. 6d. a ton, which was, of course, ruination, and there is a Conference steamer nearly every day in the week which comes through Singapore homeward bound. We came to an agreement amongst ourselves that instead of fighting we should fix certain rates. We consulted the merchants in Singapore, and the merchants came to the conclusion that it was to their interest that the Conference should take it up, because if they sold goods or shipped the goods they never knew when they had got to the bottom of the market. By an agreement made between the shipowners and the merchants of Singapore, a Conference was formed, and the merchants were parties to the fixing of rates. It was through that that we were able to get the Continental lines to come in because they had been one of the great influences in reducing the rates to the extent that they had been. Of course they, having their large subsidies, did not feel the fight as much as the English lines, who were fighting without any subsidy. It is very seldom that any steamer comes through Singapore that gets more than 400 or 500 tons of cargo, because there are so many there, and a great many boats that go out in the Conference have to go elsewhere to get the cargo Home, so that Sir Alexander Swettenham's conclusions are quite wrong on that.

3471. Then you say that the merchants you consulted in Singapore were entirely in favour of the action the Conference took. Would it be at all true to say that the majority of those merchants, or many of them, were agents of the respective shipping companies?—Some of the larger merchants were agents certainly, but generally the companies give their agency to a merchant who can influence the most business. What it did for the merchants was that they could make contracts ahead; the man who wanted to buy in Singapore could buy, and instead of working on speculation, he was working more with his eyes open, and knew exactly what the goods would cost him, and what the freight would be.

EVIDENCE OF SIR THOMAS SUTHERLAND, CHAIRMAN AND DIRECTOR OF THE P. & O. STEAM NAVIGATION COMPANY.

Mr. Evelyn Cecil, Chairman:

4415. We have mentioned already once or twice the question of shipping conferences, and I should like to ask you a few questions with regard to that point. The subject was mentioned in Sir Alexander Swettenham's evidence, and from him and one or two others we have heard that the Peninsula and Oriental Company is the leading company in the Eastern Conference? The leading conspirator. I am anxious to explain with regard to Sir A. Swettenham's evidence on that subject, that the Singapore Conference, to which he referred, is one of quite recent date, and that ever since the opening of the Suez Canal until an agreement was made between the lines in

December, 1897, the Singapore trade was an open one, in which the competition was in every way untrammeled. The result of that state of affairs was that freights to Singapore fell to zero, and as the lines which ran regularly to the Straits and China had displayed great enterprise in building a superior class of steamers, they found it was absolutely necessary to protect their own interests by offering inducements to shippers to work in harmony with them. The result of this arrangement has been that the average nett rate of freight for the last three years obtained by the Conference lines, after making allowance for rebates to shippers, has been about 32s. per ton. I may say that all the foreign lines are parties to this agreement and, in fact, I myself declined to have anything to do with a Conference at Singapore unless the foreign lines were parties to it also. I may also say that under the advanced rates obtained by the Conference, trade increased considerably from Singapore to London after December, 1897. Lately, however, it has somewhat fallen away owing to the state of the Home markets.

4416. In general have conferences been a benefit to the community, in your opinion?—As I have said, the Singapore Conference is of quite recent origin, but conferences have existed in the Bombay, Calcutta, China, and Australian trade for the last quarter of a century, with general satisfaction to the shippers, although, of course, there are grumblers.

4417. Do merchants ever grumble?—Merchants, and I am sorry to say even shipowners, sometimes grumble.

4418. And what is the outcome? Is the outcome that merchants or shipowners become parties to the Conference?—They are parties to the Conference directly; in the case of the other Conference, the merchants are only indirectly parties to the Conference, receiving certain rebates.

4419. The shipowners are in most cases parties to the Conference, are they?—All the regular traders are members.

4420. And the general result is it not, of any particular merchant or shipowner grumbling, is that he is either crushed out of existence, or he has to join the Conference? In the event of a shipowner grumbling it is always because he is not a member of the Conference; in the case of a merchant grumbling it is always because he does not think he gets a sufficient return, and would like a lower rate.

4421. Not a larger rebate?—A larger rebate, which is equivalent to a lower rate. What I want to point out is that the rates of freight in all these Conferences have been of a modest character, and if it had been otherwise all the arrangements would have broken down. In many cases the arrangements have broken down because of the disputes between the merchants and shipowners as to what was fair play. For example, the merchants in China started a line of their own for the purpose, and a very important line.

4422. What was its name?—The China Mutual, but after waging war for a few months, they became parties to the Conference.

4423. Practically they had no option, had they?—Yes, they could have gone on losing money; that is the option undoubtedly. Then the Indian Tea Association did the same thing. They broke out of the Conference, and peace was made after a fight. The shippers of piece goods at Bombay broke through the Conference, and so on, but in all cases I may say that ultimately people saw the advantage of a regular supply of tonnage at moderate rates of freight.

4424. Would you say with moderate rates as well as regularity?—Yes, regular and moderate rates. Now, I say that it would be utterly impossible to hold a Conference in these days when steamers are so numerous, unless the rates of freight are reasonable and moderate, and I may mention really what these terrible Conference rates are. For instance, take freight on rough cargo, iron, or something of the sort, to Bombay. The net rate is 49s. per ton; the measurement rate varies, on the other hand, from 15s. up to 35s., but the average nett rate which we receive for a measurement cargo, according to the manifest of our ships, is 25s. per ton. All the other ports are in equal ratio, and considering that this means that we have to carry goods 6,000 miles to

Bombay, or 8,000 miles to Calcutta, and 12,000 miles to China, and so on, I contend that the rates are exceedingly moderate, especially when you take into view the fact that we have to pay the Suez Canal dues out of those rates. In the case of a mail steamer, every ton of goods that goes in that mail steamer has to pay not less than 9 francs a ton, that is to say, 7s. 6d. That 7s. 6d. has to be deducted from the 19s. or 20s. which I have quoted. In the case of a cargo steamer, no doubt the deduction for canal charges is not nearly so great, because a cargo steamer carries largely in proportion to her canal tonnage, and I should say myself that 4s. to 5s. probably would be the amount which would require to be deducted from the Conference rate. But it shews that the rates are moderate in themselves, and I am perfectly certain I am correct in stating, that in these days, when the world is full of steamships, no Conference could possibly exist for any length of time unless moderation was the basis of the tariff.

4429. I notice in Question 3196, the Secretary of the Manchester Chamber of Commerce told the Committee that "Cotton goods are carried by British steamers from New York to Shanghai, a distance of 13,717 miles, at 27s. 6d. per ton of 40 cubic feet"?—All I can say is that you may get casual steamers to carry at that rate, but there is no regular line carrying at that rate.

4430. That is at a lower calculation of rate than most of the figures you have given us, is it not?—It is a lower rate, but it is not a regular line; it is a casual freight.

4431. It is rather a striking figure. On the other hand, he says that the Liverpool rate is 50s. for lightly pressed bales of cotton, and that if we take the lower of the two Liverpool rates, which are 50s. and 65s., it is putting the case moderately?—I am giving the London rate, and the London rate, of course, minus a charge for carriage from Manchester.

4432. The same witness tells us in Question 3201: "If we take the lower of these two Liverpool rates, 50s., the difference between that and the American rate is equivalent to 4d. on a piece of cloth costing 8s. 10½d.?—But you cannot compare the casual voyage of a ship going from America, with every now and then comparatively limited shipments, and a regular line of steamers sailing from Liverpool almost every day in the week; the two things are not comparable.

4433. Your principle is to have higher freights and no deviation, rather than to have lower freights and a greater chance of deviation?—My principle is to have a fair rate, and to make it uniform for all lines sailing regularly and keeping up the communication, whether the ships are full or empty. Our commercial ships going away sail in the week in which they are bound to sail, whether they are full or empty. They do not wait to load, and so it is with all these regular lines, which have shewn a very great deal of enterprise in putting on a class of steamers very much superior to what we call the tramp—very much superior, because these regular lines are capable of maintaining a speed, on an average, from 10 to 11½ knots perhaps, while the tramp only goes at 8½ knots. The difference is enormous. The two classes have really no approximation to each other.

4439. In fact, the aim of the Conference is to equalise rates, putting it shortly, is it not?—Yes, and as far as the P. and O. Company are concerned we never take lower rates than we take in England for the same class of cargo.

4443. Putting it once more generally, do you think that Conferences are a benefit to the British merchant and to British trade?—Regular steam communication, such as the Conference supplies, is, I imagine, undoubtedly a very great benefit to the British merchant, and regular steam communication cannot exist unless a remunerative rate of freight exists with it.

Mr. Duke:

4551. You regard the Conference as beneficial to English trade generally, do you?—As I have said before, I regard regular steam communication at moderate rates of freight as the greatest possible advantage to the commerce of the country, and that is what the Conference realises.

4568. We were told that since 1897 freights had been kept up to a very moderate level? Naturally that would be so, because freights, you know, during the last three years all over the world, were 50 to 100 per cent. higher than in 1896, and that is the effect of good trade. When you have good trade you have good freights. It is not the Conference which makes the rate, it is the trade.

Sir Charles Cayzer:

4583. As regards Conferences, they are composed of lines, are they not, who run regular services, from British ports, at fixed dates of sailing, full or not full? Yes.

4584. They give great facilities, do they not, to the merchants for shipping their goods? Yes.

4585. It would not be possible for a casual tramp steamer to do so, would it? It would be impossible. A tramp goes $8\frac{1}{2}$ knots; these steamers go between 11 and 12 knots.

4586. May I take it in your opinion the necessity of Conferences has been proved, as they prevent fluctuations in rates, competition amongst the liners themselves, maintenance of equal rates, and sailings at regular dates, which the merchants desire? Yes, I do not want to put it on any new ground. As far as the liners are concerned, self-preservation is the initial motive.

Mr. Evelyn Cecil, Chairman:

4595. At Question 2377 Sir Alexander Swettenham said there was a foreign Chamber and a British Chamber of Conference? I never heard of it, and I do not see what the importance of it would be if it existed.

4596. Except that he says further on: "The Conference has so fixed matters that the freights which they quote favour the Continent at the expense of Great Britain to a very great extent." Have you any knowledge of that? - It is quite untrue, as far as I know.

STEAMSHIP SUBSIDIES.
1902.EVIDENCE OF SIR A. HICKMAN, M.P.,
IN ANSWER TO QUESTIONS BY*Sir Charles Cayzer:*

2305. I understand you that generally your complaint is that British shipowners sailing from England to New York, China, Africa, and Australia, charge higher rates of freight than those quoted by foreign competitors? - Yes.

2306. Will you kindly give the Committee the names of those foreign competitors who charge lower rates? I believe it is not confined to foreign competitors, but that the British shipowners themselves carry from foreign ports at lower rates than they do from English ports. I am referring more now to the past than to the present, but it exists at present to some considerable extent, no doubt. It is the British shipowner himself who competes.

2307. But you stated in reply to the Chairman, did you not, that the British shipowners charged higher rates of freights than those quoted by their foreign competitors? - Yes.

2308. Can you give the names of those foreign competitors? - No, I am not in a position to do that.

2309. You have given instances of higher rates of freight. Can you say whether those rates are current now? No, they are not. I have given some that are current now; but I have given many which, as I have said, have been altered.

2310. Then the foreign competitor is charging the same rates now as the rates charged by the English lines? In many cases; in most cases, I may say.

2311. Therefore you have nothing to complain about, have you? - So far as that goes. There are some cases still which I have to complain about, but in most cases the evil has been remedied.

2312. I understood you gave the rate for cotton cloths to China at 50s. to 60s. per ton from Liverpool? - Yes.

2313. And the New York rate 27s. 6d.? - Yes.

2314. Are you aware that the rate for cotton cloth to China from Birkenhead is now, for heavy goods, 45s., and for light goods, 30s.? - I believe that is so.

2315. Then you gave the rate from New York to Sydney at 45s. a ton, did you not? - Yes.

2316. Are you aware that to-day the rate from New York to Sydney is 35s. per ton? - I will take it from you.

2317. And the rate from Liverpool to Sydney is 40s. per ton? - Yes.

2318. You gave some rates from Amsterdam to Java, including transhipment at Liverpool, at 20s. per ton, did you not? - Yes.

2319. There is practically no trade from Liverpool to Java, is there? The service is performed by a direct line from Amsterdam, is it not? - I do not take it that many goods go from Amsterdam to Java via Liverpool at a charge of 20s. per ton, whereas the Liverpool rate was 30s.

2320. That is not an important matter, is it? - It is not a very large matter.

2321. Are you aware that the rate to-day for iron from Liverpool to New York is from 5s. to 7s. 6d. per ton? - Yes; as I have said, many of the very glaring discrepancies which I have pointed out have been remedied; still, they may come back to them.

2322. As you cannot name any foreign lines that run to these ports, I presume all these goods were carried in British bottoms? - No, that does not follow at all. They may be lines, or they may be tramp steamers, or they may be British bottoms. Those are the rates at which the goods could be carried; they are not confined to any particular shipowner, or any particular line.

2323. As a matter of fact, did not the low rates that you have given the Committee from New York exist during competition at New York for the trade to the various places you have named? - No doubt.

2324. And now that the competition has ceased, they have been raised to the English level? There is no doubt that is so to a great extent, but that does not apply to the figures which you yourself quoted just now from New York to South Africa.

2325. Are you in favour of the Government placing restrictions on English shipowners as regards the rates of freight, making them equal to those of foreign competitors when they are subsidised? Certainly.

2326. Are you aware that English shipowners are not subsidised in the trades you have named? There are plenty of shipowners who are subsidised for carrying mails and so on.

2327. Would you mention them? Is it necessary to mention them?

2328. As a matter of fact is it not only the P. and O. Company which runs in the trades you have mentioned? Yes, but we are discussing the general question of subsidies.

2329. Do I understand you to be in favour of the Government subsidising lines to maintain the trade communications between this country and her Colonies? Where it is proved to be necessary.

2330. These trade routes, with the exception of the Peninsular and Oriental Company, are already maintained by fast and regular steamers without any subsidy at all, are they not? Yes.

2331. So that there is no necessity, is there, for the Government to become a shipowner? The necessity is that British goods should be carried at the same rate as foreign goods. That seems to me to be a matter of the first necessity.

2332. Would you kindly inform the Committee how the British shipowner could carry that out, and what control he would have over foreign shipowners? He controls his own goods and his own rates, and if he chooses he can say, "I will carry no foreign goods at lower rates than I carry English goods."

2333. But it might not be the same line, British and foreign? I am speaking of similar conditions.

2334. How can the British shipowner control the rates at foreign ports? If he controls them in English ports, why not in foreign ports?

2335. But suppose he does not sail from those ports? Of course, he cannot control the rates from ports he does not sail from, obviously.

2336. You stated that the British Conferences, which we hear called sometimes Rings, have been very damaging to British trade in consequence of the high rates they charge. Can you give a single instance proving that? I have given a great many instances to the Committee. All these instances of different rates are in consequence of the operation of a Ring.

2337. On the contrary, I think you admitted, did you not, that it was owing to the competition among shipowners at foreign ports? Precisely.

2338. The English Rings or Conferences have no control at foreign ports, have they?—No; but what they do is this: They have control of rates in British ports, which they keep up, then they go to foreign ports and compete with the foreigner, and run rates down. They neither compete with each other, nor with the foreigner in English ports, and they shut out the foreign and the tramp steamers and everyone except those in the Ring, by providing that if any shipper employs them he shall not get the benefit of his rebate which has been accumulating for 12 months.

2339. Can you mention a single instance of a British line going to a foreign port, say an Indian, Australian, or African line, and taking lower rates?—These rates which I have quoted are rates which have been obtained by British shipowners and by foreign shipowners also.

2340. Is there any difference between these British shipping conferences and railway conferences? Yes; a very great difference.

2341. What is the difference? The difference is, in the first place, that the railway companies agree on certain rates which they carry out, but they are bound by law to treat all traders alike; they are not allowed to

charge one trader 10s, and another 15s, for the same services, and I say ship-owners ought to be placed in the same position.

2342. Do not the British shipowners treat all their shippers alike?—Certainly not.

2343. That is one of their great objects, is it not?—That is exactly what they do not do.

2344. Do not the Conferences existing in this country treat every shipper alike?—No, they do not. They charge more from British ports than they charge from foreign ports.

2345. But taking the vessels that do not come to foreign ports?—Of course it does not apply to them.

2346. Do you wish the Committee to believe that British ship-owners cannot only look after their own trade at home, but can control the trade and rates of freights at foreign ports as well?—They can control the trade at the ports from which they sail, undoubtedly. The gist of my complaint is that British shipowners go to foreign ports, and there they compete openly. By the operation of their ring they keep up the rates at English ports, and by the enormous power which they possess they oblige British shippers to ship by them, and by no other; and the consequence is that all competition at British ports is shut out, whereas competition in many foreign ports is perfectly open.

2347. In answer to that general statement, I must ask you to name the lines of British shipowners that act as you state?—I say that you all do.

2348. I think that is not correct, but is absolutely incorrect. You stated that British shipowners were banded together to maintain high rates of freight, did you not?—To maintain rates, certainly.

2349. Not high rates?—I do not complain of the rates being high; all I say is they are unequal; that is my complaint.

2350. Unequal between British and foreign ports?—Precisely.

2351. Over which British Conferences have no control, or very little control, have they?—That is a matter of argument.

2352. It is quite free for any shipper, is it not, to ship as he likes?—No.

2353. The British shipowner has no monopoly, has he?—It is not free to the shipper to ship as he likes, because if he sends a single ton of goods by any other than the Shipping Ring, he has to forfeit the whole of his rebates which have been accumulating for twelve months.

2354. Have not these conferences been of great assistance to small shippers in making uniform rates?—I think that is very likely.

2355. You said that shippers could get lower rates by tramp steamers. I presume you meant that if they chartererd a steamer. A tramp steamer will only take a full cargo, will it not?—Quite so.

2356. And the difference between a tramp steamer and a line is, that the line runs at regular intervals, gives facilities for shippers to send down their goods as they like, and goes at a regular date, full or not full?—No doubt you are better acquainted with the details of the working of shipping than I am; I accept your statement.

2357. Would it not be suicidal for a Conference to charge high rates by which they would drive the trade to a foreign country?—I think it is suicidal. I think they have been to a large extent cutting their own throats by killing British trade.

2358. Are you aware that instead of cutting their own throats, they meet regularly and consult with shippers as to the rate they should charge?—I believe that is so.

2359. Take the South African Shipping Conference, do you know that during the late war there were heavy losses from detention and high price of coal, but the Conference did not increase their rates to South Africa at all?—I cannot say that I do. I will take it from you; I have no doubt that what you say is correct.

2360. You have stated that British trade suffered severely, and you have known many instances where trades have gone abroad owing to the high rates charged by conferences. I would like to ask you whether you can give me one instance of that as an example?—I cannot say that I could without a reference.

Mr. Evelyn Cecil, Chairman:

2361. You said that you thought that the commerce of the country had been very much more damaged by shipping rings than by foreign subsidies. I understand?—Yes, I think so, most certainly.

2362. Do you think that foreign subsidies have had anything to do with it?—Undoubtedly, they have had a tendency to lower rates.

2363. Speaking as the representative of the Wolverhampton Chamber of Commerce, are you aware whether any orders from our Colonies have been placed abroad in the hands of foreign manufacturers in preference to British manufacturers, owing to these cheaper rates of freights?—Undoubtedly.

2365. Have you any instance of it here?—I have not.

2366. But you are quite sure that that is so?—I am quite sure.

2367. You think, do you not, that the market has shifted from this country to the Continent?—The tendency has been to shift the market, but that orders have gone from this country to the Continent there is no doubt.

2371. What you really complain of, as I understand from the whole of your evidence is, that you have been frequently subjected to sending your goods in British ships at two different rates—one from England, and another from the Continent abroad?—That is so.

EVIDENCE OF MR. SPICER.

In answer to—

The Chairman:

1329. Can you tell the Committee the rates of freight by the German Steamship Companies?—The German Steamship Companies carry paper through from Gothenburg, via Hamburg, to Melbourne and Sydney, at 35s. per cubic metre, equal to 35 3-10ths cubic feet, which is equal to 10s. per ton of 40 cubic feet, or 2s. 6d. less than the London rate.

1330. May I say, therefore, that the Continental rates have been cheaper than the rates from Great Britain?—They have been on the whole cheaper, but nothing like the difference between Great Britain and Australia, and America and Australia.

1331. To what do you attribute the difference?—With regard to Australia, simply because the shipowners are working together here, and they were not working together at New York; they are mainly British ships in both ports.

1332. That is a question of a shipping conference, I suppose? Yes. It is fair to say that for some time the competition for Australia was so keen that practically there was nothing to be made out of it, and that had its natural result in bringing the competitors together. When the American business commenced between America and Australia, the British shipowners very properly wished to get a share of that trade; they were not in a position, possibly, to make an arrangement there, and they had to get the best price they could.

1333. And it has had the effect, has it not, as you have told the Committee, of causing orders to be placed in the United States as against orders being placed in Great Britain?—Distinctly.

1334. Which is loss to British manufacturers?—Yes.

Sir Charles Cayzer:

1342. You said that the rates from New York to Australia during the last three years have been much cheaper than from London, and you have given the Committee evidence to shew that that is the case. Is it a fact

that during these last three years these low rates from New York are entirely owing to the competition from New York to Australia?—I have already said that I believe that it was owing to the competition between British shipowners and American shipowners.

1343. Can you name the lines of the shipowners sailing from New York to Australia?—No, I have not that information.

EVIDENCE OF MR. GARLAND SOPER, CHAIRMAN OF THE SOUTH AFRICAN MERCHANTS' COMMITTEE.

Mr. Evelyn Cecil, Chairman:

2849. As Chairman of the South African Merchants Committee, perhaps it would be convenient if you would tell us the different steamship lines that run to South Africa?—From the United Kingdom: The Union-Castle, The Bucknall, the Clan Line, the Ellerman-Harrison Line; Bullard, King and Company (Natal), and J. and T. Rennie, Son and Company (Natal). From Continental ports: The German East African Line, once in 28 days each by the East and by the West Coast; the German-Australian Line, twice a month to Cape Town and once a month to Port Elizabeth; the Union-Castle Line, three times a month each at Hamburg and Antwerp, completing their loading at London or Southampton; the Bucknall Line, once a month from Hamburg and once a month from Antwerp, completing at London only; and the Woermann Line, only to North African ports on the West Coast. There are no ships of the Clan Line running to South Africa from Continental ports. From New York there run to South Africa: The Union-Clan Line, the African and Amerian Line, the Hansa Line, the Prince Line, and the Houston Line.

2861. Now will you tell the Committee something about the system of rebates? This is a very formidable subject.

2862. I think you might shorten it a little, because we have heard a great deal from Sir Alfred Hickman about it. Have you studied the objects and effects, commercially speaking, of a Shipping Ring? I have had to deal with the matter for some years. There is a divided opinion on the matter. Some think that it is advantageous; others that it is disadvantageous. Those who think that it is advantageous argue that if all merchants are placed on the same footing the cost is passed on to the consumer, and the advantage to the merchant is that the value of his stocks at the coast ports is not liable to depreciation, an important fact to the holder of such stocks. On the other hand, those who argue against rebates say that it is a system which is in restriction of trade. Where the "Ring" presses hardly is in such an instance, say, as if a foreign firm offers to a London merchant business which such merchant thinks to be remunerative, but which such merchant cannot accept, because the offer is conditioned by shipment per a foreign steam line, and its acceptance by the merchant would involve the loss of the rebates accumulated to his credit. Of course, the merchant is free at all times to forego his rebates and to take his own course, but I have not heard of any merchant so doing, as the loss of his accumulated rebates would be considerable. The real point which occurs to me is that the system obtains the world over, and hence to debate it now is simply to discuss a fact. As I say, it does strike me as peculiar that while much is heard and more is said respecting the "Ring" as pertains to steam lines generally, the Conference or Ring which obtains among the leading railway lines is scarcely ever mentioned, and yet if my argument approaches to accuracy the crux of the position is that the most effective mode of meeting foreign competition is by a transit route combining low rates both on land and by sea.

2863. Do you think, generally speaking, that rings have had an injurious effect on British commerce?—I cannot generically answer such a general question, I am afraid.

2864. Have you known few or many instances in which Rings have done harm to British Commerce?—I have known instances, and there is one before us now with respect to America, wherein those who wished to enter the trade have argued that the Ring is detrimental. First, they have opened with

a fighting competition for lowering rates, or it may have been that they opened by a previous approach to the existing Ring as to whether they should be taken in; but my own experience is that, and I only speak from my own experience, the matter invariably ends in either their being bought off by the Ring, or absorbed by the Ring, and that the loss which has arisen is paid for by raising the rates upon the merchants.

2865. Would you approve of a condition being attached to a mail subsidy, that the subsidised line should submit its rates of freight to Government supervision and control? I do not know if I am in order, but to answer that question I should like to read one of the paragraphs I have drafted here, which is that I observe that on Monday, 23rd June, Mr. Labouchere put a question to the President of the Board of Trade on the South African Shipping Combine; and if I correctly understood the point of the question, it was the suggestion that as the Union-Castle Company carried His Majesty's mails, and as the other lines forming a part of the alleged Shipping Combine carried His Majesty's Government Stores, the Combine should be put an end to. I have no interest, direct or indirect, with any steamship line, but I ought to point out that the contract for the carrying of His Majesty's mails, so far as concerns South Africa, is a contract made by the Colonial Government, having regard to the postal service. The question of rates of freight, and the support of different lines, whether in or out of the Combination, is an arrangement between the merchants, as such, and the steamers of this Combine. I might point out, if you will allow me to refer to a document here, that the publication with respect to the matter is a publication signed by all the lines; it does not apply only to the steamboat lines, it has nothing whatever to do with postal work or subsidies; it is a commercial arrangement.

2866. Do you consider or not whether there have been instances of tyrannically high rates of freight imposed by a Conference upon merchants? — I am told by my brother merchants but that is hearsay evidence that the rates are very tyrannical on the eastern routes, but I am not here to speak about that; I have not found anything very tyrannical on the South African routes.

2867. Assuming that the Shipping Rings are advantageous in maintaining the uniformity of rates, and maintaining the existence of a shipping line at all, and that they act fairly and well, would there be any reason to suppose that they would object to Government supervision of the actual rates of freight? I have not yet seen in the history of the House of Commons that they have favoured a paternal policy on the part of the British Government. If they are going to alter the whole of their code of conduct of business and adopt the German pattern, my answer to you would be in the affirmative; but at the present moment I must respectfully answer it in the negative, with this condition, that when you begin to talk of subsidies for commercial steamers it is an argument, with the rebate system in existence, that there should be no further commercial subsidy, because, in the first place, how are we, the merchants, to know that any relief given by means of subsidy to commercial steamers would be appropriated to the reduction of the rates of freight? The rebate system is a very powerful weapon in the hands of the steam lines to compel everybody either to ship by them or to go into opposition.

2868. What I am suggesting to you is the German system. The rates of freight on German subsidised lines are under the control and supervision of the Imperial Chancellor, are they not? Again I must venture respectfully to point out that my argument is on the combination of land and sea freights, and not on the ocean route at all; because the rates of freight by the British Steamship Lines and foreign lines from German ports are identically the same in every respect, even in their competition, whether it is by weight or measurement, from Point B to Point C.

2869. Then are you in favour, speaking as you are from a merchant's point of view, of leaving Shipping Rings to have absolute discretion? No, I should not be in favour of leaving Shipping Rings to have absolute discretion, if I could only produce unanimity of feeling among the merchants; and on this point I should like to make a remark, which is, that one broad factor in this discussion as affecting the rebate system cannot be overlooked — the factor, however it may be deplored, that the steam lines are common carriers, with practically the same interests, the differentiation of their

interests being so small that an absolute and binding combination is possible as between themselves, and correspondingly effective in their dealings with the merchants. On the other hand, the interests of the individual merchants are scarcely co-ordinate, and often antagonistic, with this incident to be added, that in not a few instances their branch houses are not unwilling to become the agents or the representatives of the steam lines in the Colonies.

2870. Do you think if merchants could co-ordinate as do Steamship Companies they would be able fairly to protect themselves? I think if we could get perfection amongst the merchants we could control the Steamship Companies, but it has been tried, and has not succeeded.

2871. Then you cannot control the Steamship Companies, partly for the reason you give here, because merchants in the Colonies are apt to become agents of the Steamship Companies, and therefore represent opposing interests? As I have said before, sitting in this chair, I never have had, and have not now, one pennyworth of interest, direct or indirect, in a Steamship Company, and I have studiously avoided accepting any such position, because I have always wished to take a fair and equitable view of the whole matter; not that I have not been asked, I have been asked many times, and as many times refused, because, as I say, I am a merchant. Yet, though I am a merchant, on the other hand I ask how you can have a united front to fight any combination if there is not absolute unanimity between the contending force?

2872. Bearing in mind the complete failure which you have stated of getting merchants to combine to support their interests, are you still in favour of doing nothing to control the rates of freight charged by Shipping Rings? —Who is to control the rate of freight?

2873. You are still in favour, are you, of leaving Shipping Rings absolutely uncontrolled? I cannot say that at all.

2874. I want you to state exactly what you do think? —I favour this plan: In the South African trade there is a compact between the Steam Lines and the merchants, which compact, although perhaps not all which could be desired, was concluded after a long series of meetings, between the heads of the steam lines and the principal merchant firms. I may say I was in the chair at every one of those meetings, with the Steam Lines on the one hand and my brethren the merchants on the other. This compact on the whole has worked fairly well, and has in it this advantage, that either side can approach the other for mutual discussion whenever the circumstances of the case render it necessary or desirable.

2875. Does that mean that the principal merchant firms can combine sufficiently for the purpose of regulating the rates of freight of shipping rings? To a certain extent, yes.

2876. And you are satisfied, are you, with the existing state of things? —After those long discussions we arrived at what we considered at that time to be an equitable position in the matter, and it is open to us at any time to ask them to come together again. I think I ought to say in justice to all concerned, that one of our cardinal points was that the steamship lines should not load their steamers on their own account with merchandise.

In answer to —

Sir Charles Cayzer:

2898. You gave a list of the lines running to South Africa. I notice from the Continental ports you stated the number of departures, did you not? —Yes.

2899. They are not stated from the United Kingdom, are they? —No; because I assumed everybody knew it.

2900. In order to prevent an erroneous impression that the Continental ports are better supplied than the ports of the United Kingdom, will you give the approximate sailings, according to your knowledge, of the Union-Castle Line? They have about 150 sailings a year, have they not? —Yes.

2901. And the Bucknall Line would be, I suppose, about 50? —It may be. I really did not go into it, for I assumed it was generally known; anybody can see it in the papers.

2902. For your information I may say that the Clan Line and the Ellerman Harrison Line despatch from Glasgow and Liverpool about 108 sailings in the year, and I presume that you know the Natal Lines, Messrs. Bullard, King, and Co., and J. and T. Rennie, Son, and Co. have 65 sailings in the year? That is about it.

2903. I ask you these questions in order to shew that the trade is fully supplied with steam tonnage from the United Kingdom? I am extremely sorry if any omission on my part should have led to any contrary inference; but it was because I considered it was common knowledge as to English ports, and that it was not common knowledge with regard to the Continental ports. There is abundance of facility of transit from the United Kingdom to South Africa.

2904. The Chairman has asked you several questions in regard to the operation of shipping rings, and the control the Government might have over them if they were subsidised. Is it within your knowledge that we have no subsidised ships in this country, except the Peninsular and Oriental for carrying mails, and probably the ships which have been subsidised lately for starting a trade from the West Indies? That question needs, does it not, a little differentiation in its answer? I do not know what you mean by subsidies—if you mean by subsidy the payment for postal services rendered, so far as I know you are correct.

2905. The great trade with our Colonies and South Africa has been created and is maintained, is it not, by unsubsidised ships? Excepting that, as many people hold, they receive a subsidy because they are paid for the postal service.

2906. And consequently the Government, unless they subsidise these ships, have no more right to dictate, have they, what rates of freight they shall charge, than they have to go into a shop in the Strand and dictate to the shopkeeper the rate he shall sell his goods at? I am astonished to hear a supporter of the Government should put such a question.

2907. I want to remove the impression that freights can be regulated by legislation in unsubsidised ships!—I have already said that I consider the arrangement is a purely commercial arrangement as between the merchants and the lines running to South Africa, because the lines running to South Africa are made up of the mail line now united with other lines which do not carry the mails.

2908. Let me refer you to question 2378, in the evidence given by Sir Walter Peace. He said "The Government of Natal desire me to put before the Committee a resolution which was passed in the Legislative Assembly on the 2nd April last, as follows:—Moved by Mr. F. S. Tatham, 'That this House is of opinion that the system known as shipping rings is working grievous injury to inter-Imperial trade and commerce, by fostering and assisting the competition of foreign manufacturers against British, and that such rings are otherwise inimical to the best interests of the Empire.' Unfortunately Mr. Tatham was not present, and the Committee had not the opportunity of cross-examining him on that statement, but to your knowledge, is it a fact that shipping rings have been so managed and have worked their business in such a way as to foster foreign manufacturers as against British manufacturers?—I do not suppose you want me to give my evidence all over again. I think perhaps I had better give a new fact, and that fact is this: That you yourself are intimately associated with the working of the Union Clan Line from America, and you are aware, as we all are aware, that the Hansa Steamship Line started in opposition, and that it was incorporated. You are aware also that the Houston Line started in opposition. At first it was thought there would be a working arrangement, and they remained very much quiescent; but now at the present moment the Houston and the Prince Line are in opposition, and they have started very low rates of freight as between America and South Africa, a uniform rate, I think I am correct in saying, of 10s., and 10 per cent. primeage on all classes of cargo. You, the Union Clan Line, immediately said you would put your steamers in identically the same position, and that you would follow them from point to point; that if they go direct, you will go direct; that if they call at any port you will call at that port, and therefore the ring is meeting the situation; and it is to-day

with the American as it was with us 10 or 15 or 20 years ago, the old question of an opposition fighting the ring, and we, the merchants, are waiting to see whether the opposition is going to beat the ring, or whether the ring is going to beat the opposition, or whether the old experience is going to take place, namely, that arrangements will be made by which you will work with them or absorb them. Unfortunately, I expect I shall find I shall have to pay more when this beautiful arrangement has either been squashed or squared than before this fight. Now that is a plain, honest statement, which I give as the absolute truth of the whole position, without favour or influence of any sort or kind.

2909. In the meantime, while this opposition is going on, the merchants are receiving the benefit of the low rates, are they not?—In the meantime, I take it, the merchants are all doing what our firm is doing—cabling to ship all the goods that it is possible to ship at a low rate, with this unfortunate and unhappy result staring us in the face, that it is quite possible that within a very limited time goods will be purchased in South Africa cheaper than they can be bought here. We shall have the old Australian goldfields experience over again.

2910. In the interests of British trade can you suggest any remedy for it?—In the interests of British trade I have always said that a fair and equitable combination between the merchants by arrangement, such as the compact between the South African Steamship Lines and the South African Merchants is the only practicable and feasible solution.

2911. Then you do not agree with this resolution which was moved by Mr. Tatham, do you?—I would rather not pass any opinion upon the Natal Legislature; it must stand or fall on its own merits.

2912. We have the evidence of Sir A. Hickman, a member of the House, who stated to the Committee that British Conferences, which are here sometimes called Rings, have been damaging to British trade in consequence of the high rates they charge. Do I understand that so far as South Africa is concerned, from time to time the rates are arranged between the British Shipowners and the Merchants' Committee?—So far as I am aware, yes; I do not say that that is the unanimous opinion of all my brother merchants.

2921. As far as your knowledge goes the shipping rings about which so much has been said, are nothing more than a combination of shipowners running on the same route, are they, to regulate rates the same as the railway companies do?—I can only answer that by saying that, as I understand it, the object of a conference or ring is for the preservation of certain rates by offensive or defensive alliance amongst owners, so as to prevent so-called outsiders getting into the carrying trade, and the maintenance of agreed rates of freight which are tabulated in different classes.

Colonel Ropner:

2930. With regard to rebates, can you tell me why these rebates are adopted by the shipping companies in England, seeing there is a ring, and that merchants would in any case have to ship by these steamers?—Why should they also give 10 per cent. to a man who ships the whole of his goods by them?—As I have said, I am not directly or indirectly interested in steam shipping, therefore I have never had to see or feel where the shoe pinches, but this is what I take to have been the initiation of the rebate system: So far as concerns the steamship owners, they say we have this trade running from point B to C, and we want to hold that trade. Therefore, as we want to hold that trade, we at the end of nine months, roughly, are prepared to give you 10 per cent. for you to be our permanent customers.

2931. Is there any need at all for that, seeing that merchants are bound to ship their goods by them?—They are not bound.

2932. But if there is a ring, you cannot ship by any other source, can you?—Yes, you can; you could forfeit your rebate and run your own steamers to-morrow morning if you liked.

2933. Yes, for coals?—For anything.

2934. But you could not ship small parcels in a separate ship could you?—Quite so, and that is why the lines want to secure the trade. It is really a bargain in their own interest. If you will allow me, I will give you an

illustration on that point. Finding the rebate system in existence when the American Clan Line, and the African and American Line was about to start in America, I called together an informal meeting of the merchants, and said, "If you are sick of the rebate system, do let us clearly understand that we will have no rebate system in an American port." Speaking as a firm, we have never taken a pennyworth of rebate from the lines in the American trade, though they are the same as running in the British lines, with the exception of one large correspondent, a grain consumer, who instructed us, as his agents, to take it. How far the Cape merchants have taken the rebates from the American system I cannot say, but I have reason to believe they have taken them.

2935. You are not anxious or wishful that subsidies should be given generally to steamships, are you?—May I respectfully say, I cannot dissociate the position from the position which exists, and the position is that the rebate system prevails all over the world, therefore you cannot, I respectfully submit, separate the question of subsidies from the existence of the rebate system, and as that rebate system exists, if subsidies are given in addition, what security has the merchant or consumer that he will get the benefit of the subsidy?

Mr. Cust:

2942. As a merchant, do you think that Rings or Conferences do good or bad to English Commerce. I want a very general answer? As a merchant, generally I am not so opposed to the rebate system as many merchants are.

2943. Do you speak for yourself or for your Association?—I speak simply for myself.

2944. You think on the whole the Ring system and the rebate system does not do harm to English Commerce?—I have answered your first question, and I would rather answer it in that form.

2945. On the whole, then, you do not think that a Conference or Ring system is injurious to British commerce, do you?—On the whole, that is my individual opinion.

2946. In your statement on rebates you made this observation: "If my argument, as stated, approaches to accuracy, the crux of the position is that the most effective mode of meeting foreign competition is by a transit route combining low rates both on land and by sea." I understand from the very interesting evidence you have already given that you do not think any preferential rate on the English railways is possible?—Not with the existing state of affairs.

2947. And you are willing to maintain the Ring system as regards shipping, are you?—I am willing to maintain what I have stated, namely, that the steamship lines should meet the merchants in conference and arrange an equitable system.

2953. Referring to the schedule which you have put in, showing the difference in German rates and English rates, who pays the rates in Germany—the German taxpayer?—This schedule is meant to show that a merchant, by adopting a particular route, has to pay so much more money.

2954. As a matter of fact, with regard to the amount of coal burnt in taking a ship to Delagoa Bay, it is the same on an English ship as on a German ship, is it not?—That depends on where they buy their coal. If they load up at Natal I do not know that that would be so.

2955. When the difference in favour of the German route is £18 per ton on bicycles, who gets that profit: does the Natal bicyclist get it? It depends on whether the purchaser prefers to ride a German bicycle rather than a British one. It has always been a practice of my own when I want a thing for my own use, whether a horse or a saddle, to say the best is the thing for me.

2956. Are English rates very exaggerated, do you think, or are the German taxpayers taxed in order to make an artificial trade?—On goods where weight is the predominating element, there is almost an equality between the British rate and the German rate, but where the rate is on measurement, which is 40 cubic feet to the ton, there is a very great difference in their favour.

EXTRACT FROM A LETTER FROM THE PRESIDENT OF THE
CHAMBER OF COMMERCE, GLASGOW.

To Evelyn Cecil, Esq., Chairman,
Steamship Subsidies Committee.

Chamber of Commerce, 7, West George Street,
Glasgow, 14 July, 1902.

Sir,—

The Directors do not wish, more especially in view of the large amount of detailed evidence which has been submitted to your Committee, to appear before it by witnesses, or to go into details of specific instances; but they desire to lay before the Committee this general statement of their views.

As to the effect of shipping "rings" or conferences on British trade.

The Directors do not think it is unreasonable that lines providing regular and efficient services throughout the year, which is greatly to the advantage of merchants, should take means to protect themselves against opposition in good times, whilst they are left to pursue the trade, sometimes at a loss, when the conditions of trade are much less favourable.

The existence of well-managed shipping "rings" tends to the uniformity of rates, and secures equal treatment for all shippers, and on the whole it does not appear that they have had a prejudicial effect on trade, but the Directors strongly deprecate the practice of some British shipping "rings" in carrying foreign goods from foreign ports at cheaper rates than they carry similar British goods from British ports, over similar, or even shorter, distances to the same ports of destination.

I am, etc.,
A. D. HEDDERWICK,
President.

A SCHEDULE OF TRANSIT STEAM RATES, SHewing THE GREAT DIFFERENCE
ON MANY COMMODITIES IN FAVOUR OF THE SAME BEING
SHIPPED BY THE GERMAN THROUGH
BILL OF LADING ROUTE.

BRITISH.		GERMAN.
AGRICULTURAL IMPLEMENTS (PLoughs):—	£ s. d.	
German route to Delagoa Bay, at per ton rate 	4 4 6	BICYCLES:—
British route to Delagoa Bay, at per ton rate 	3 15 6	British route to Delagoa Bay, at per ton weight
<i>Difference in favour of British route, 9s.</i>		23 8 3
CEMENT:—		German route to Delagoa Bay, at per ton weight
German route to Delagoa Bay, at per ton rate 	1 14 0	4 17 6
British route to Delagoa Bay, at per ton rate 	1 12 6	<i>Difference in favour of German route, £18.</i>
<i>Difference in favour of British route, 1s. 6d.</i>		BOTTLES:—
		British rate to Delagoa Bay, per ton
		German route to Delagoa Bay, per ton
		5 8 9
		<i>Difference in favour of German route, £2.</i>
		3 8 0
		BRUSHWARE:—
		British route to Delagoa Bay, at per ton weight
		8 12 6
		German route to Delagoa Bay, at per ton weight
		6 3 6
		<i>Difference in favour of German route, £2 9s.</i>
		CARPETS:—
		British route to Delagoa Bay, at per ton weight
		12 15 0
		German route to Delagoa Bay, at per ton weight
		6 8 6
		<i>Difference in favour of German route, £6 6s. 6d.</i>
		GALVANIZED IRON AND HEAVY IRON- WORK:—
		British route to Delagoa Bay, per ton weight
		2 5 0
		German route to Delagoa Bay, per ton weight
		1 15 6
		<i>Difference in favour of German route, 9s. 6d.</i>
		GLASS:—
		British route to Delagoa Bay, per ton weight
		5 0 0
		German route to Delagoa Bay, per ton weight
		2 8 0
		<i>Difference in favour of German route, £2 12s.</i>

TRANSIT STEAM RATES SCHEDULE.—*Continued.*

BRITISH.	GERMAN.
	FURNITURE:—
British route to Delagoa Bay, at per ton weight	12 4 6
German route to Delagoa Bay, at per ton weight	6 11 6
<i>Difference in favour of German route, £5 13s.</i>	
	HOLLOW-WARE:
British route to Delagoa Bay, at per ton weight	5 4 6
German route to Delagoa Bay, at per ton weight	4 19 6
<i>Difference in favour of German route, 5s.</i>	
	IRON PIPES:—
British route to Delagoa Bay, at per ton weight	2 6 6
German route to Delagoa Bay, at per ton weight	2 1 9
<i>Difference in favour of German route, 4s. 9d.</i>	
	NAILS:—
British route to Delagoa Bay, at per ton weight	2 7 6
German route to Delagoa Bay, at per ton weight	2 1 9
<i>Difference in favour of German route, 5s. 9d.</i>	
	PIANOS:—
British route to Delagoa Bay, at per ton weight	10 6 3
German route to Delagoa Bay, at per ton weight	6 8 6
<i>Difference in favour of German route, £3 17s. 9d.</i>	

Papers handed in by Sir Charles Cayzer, 8th July, 1902.

Comparison of Railway portion of German-Levant and German-East African Tariffs with British Rail Rates to British Ports.

COAL.

These particular tariffs do not apply to coal. Coal and coke are mentioned in the East African Tariff with the stipulation (Article 3) that freights are subject to previous agreement.

They are not mentioned in the Levant Tariff, and the rate therein for unenumerated articles would leave the prohibitive ship's freight of 34s. 8d. from Hamburg to Levant ports.

There is nothing on the *face of the tariffs* to prevent steamers loading coal as whole or part cargo at either German or English ports purely as ship's freight.

HEAVY IRON AND STEEL.

Kilo-metres.	ENGLISH RATES BETWEEN	Miles	Rate £s. to £s. or equivalent.	Kilo-metres	GERMAN RAIL BETWEEN HAMBURG AND	Proportion of through rate, plus 10d. for loading and discharging wagons.		
						East African.	Levant.	
			Per ton			Per ton.	Per ton.	
			s. d.			s. d.	s. d.	
156	Birmingham-Liverpool	97	8 4	Rails, etc.	160	Oldenburg	3 4	3 2
156	Birmingham-Liverpool	97	11 2	Iron in Class C	160	Oldenburg	3 4	3 0
79	Birmingham-London	111	12 6	Iron in Class C	179	Fleensburg	3 10	3 0
117	Sheffield-Liverpool	74	7 11	Rails	115	Bremen	2 10	2 8
259	Sheffield-London	161	10 0		261	Halle	5 1	3 11
259	Sheffield-London	161	19 2	Steel in 1	261	Halle	5 1	3 11
113	Sheffield-Hull	70	7 0	Steel, 10 tons	115	Bremen	2 10	2 8
113	Sheffield-Hull	70	10 10	Bars, etc.	115	Bremen	2 10	2 8
Places really competing—Essen, 353 Kilometres from Hamburg (181 miles)						6 1	4 11	
Kattowitz, 790 Kilometres from Hamburg (490 miles)						12 4	12 4	

BASES FOR CALCULATING COMPARISON:

		MARKS.
LEVANT rate at 15 kilometres from Hamburg	...	14·2
EAST AFRICA rate at 24 kilometres from Hamburg	...	30·4

Against the actual rates from each place.

MACHINERY PACKED FOR EXPORT.

Kilo-metres.	ENGLISH RATES BETWEEN	Miles.	Rate S. to S. or equal to it.	Kilo-metres.	BETWEEN HAMBURG AND	German rail proportion of through rate, plus 10d. for loading and discharging wagons.	
						East African.	Levant.
			Per ton.			Per ton.	Per ton.
			s. d.			s. d.	s. d.
159	Leicester-London ...	99	24 2	152	Wittenberge ...	4 0	4 2
504	Leicester-Glasgow ...	313	36 4	504	Wronke ...	10 10	7 10
183	Leicester-Liverpool ...	113	25 2	188	Wulfel ...	4 9	3 4

BASES FOR CALCULATION:—

		S. D.
LEVANT	through rate at 15 kilometres from Hamburg	... 38 0
EAST AFRICA	through rate at 24 kilometres from Hamburg	... 36 1
(Classification differs much, being much lower for Africa than Levant.).		

HARDWARE.

Kilo-metres.	ENGLISH RATES BETWEEN	Miles.	Rate S. to S. or equal to it.	Kilo-metres.	BETWEEN HAMBURG AND	German rail proportion of through rate, plus 10d. for loading and discharging wagons.	
						East African.	Levant.
			Per ton.			Per ton.	Per ton.
			s. d.			s. d.	s. d. s. d.
156	Birmingham-Liverpool	97	21 0	160	Oldenburg	4 3	3 10 & 4 4
156	Birmingham-Liverpool	97	23 8 Other sorts	160	Oldenburg	4 3	3 10 & 4 4
260	Sheffield-London ...	161	34 8	261	Halle ...	6 5	2 0 & 3 0
179	Birmingham-London	111	21 8	179	Flensburg	4 2	4 1 & 4 9

according to Class.

BASES FOR CALCULATION:—

	CLASS 4. MARKS.	CLASS 5. MARKS.
LEVANT	through rate at 15 kilometres from Hamburg	2:25
EAST AFRICA	through rate at 24 kilometres from Hamburg	3:61

Against the actual through rates from each place.

MANUFACTURED GOODS, AS EXPORT BALES OF COTTON YARNS, ETC.

Kilo- metres.	ENGLISH RATES BETWEEN MANCHESTER AND	Rate £s. to £s. or equal to it.	Miles.	Kilo- metres.	BETWEEN HAMBURG AND	German rail proportion of through rate, plus 10d. for loading and dis- charging wagons.	
						East Africa.	Levant.
		Per ton.				Per ton.	Per ton.
		£s. d.				£s. d.	£s. d.
51	Liverpool	... 6 10	32	49	Lüneberg	... 2 5	2 7
296	London	... 21 8	184	295	Aldershof	... 8 11	1 6
148	Hull	... 14 10	1	92	Oldenberg	... 5 5	3 5
359	Glasgow	... 22 4	223	377-400	Group rate from Dus- seldorf, Elberfeld, etc.	7 5	2 4
282	Bristol	... 22 4	175	207	Berlin	... 8 7	1 1

BASES FOR CALCULATION:—

MARKS.

Through rate at 15 kilometres from Hamburg—LEVANT 33-5 per 1,000 kgs.

Through rate at 24 kilometres from Hamburg—EAST AFRICA 67-2 ..

Against the actual through rates from each place.

WOOLLEN MANUFACTURES.

Kilo- metres.	ENGLISH RATES BETWEEN LEEDS AND	Rate £s. to £s. or equal to it.	Miles.	Kilo- metres.	BETWEEN HAMBURG AND	German rail proportion of through rate, plus 10d. for loading and dis- charging wagons.	
						East Africa.	Levant.
	(Reduced to £s. to £s.)	Per ton.				Per ton.	Per ton.
		£s. d.				£s. d.	£s. d.
300	London	... 28 2	186	300	Elend	... —	4 1
119	Liverpool	... 15 4	73	115	Bremen	... 4 1	2 7
82	Hull and Goole	9 10	as 51	73	Lübeck	... 3 1	3 3
370	Southampton	29 10	230	370-400	Group rate from Dusseldorf, Bar- men, Elberfeld, etc.	7 7	2 3
About			about		Hamm	... 5 10	
350	Glasgow	... 42 4	220	306			

BASES FOR CALCULATION:—

MARKS.

Through rate at 15 kilometres from Hamburg, Class 9, LEVANT Tariff 33-5

Through rate at 24 kilometres from Hamburg, Class 8, AFRICAN Tariff ..

Against the actual through rates from each place.

EXTRACTS FROM :

THE REPORT OF THE SELECT COMMITTEE APPOINTED TO
 INQUIRE INTO THE SUBSIDIES TO STEAMSHIP COMPANIES
 AND SAILING VESSELS UNDER FOREIGN GOVERNMENTS,
 AND THE EFFECT THEREBY PRODUCED ON BRITISH
 TRADE.

The fourth condition which has been mentioned in connection with the granting of subsidies by Foreign Governments relates to rates of freight, and this cannot be properly considered without due appreciation of the position occupied in the shipping world by the "Conferences," which have more and more regulated the sea-borne trade by regular liners. A Shipping "Conference" is a combination of owners of regular lines of steamers, who work together to regulate their affairs and to adjust freights, and some Foreign Governments, in granting subsidies, have made it a condition that they must have the control of freights in their own hands. In Germany the rates of freight and fares on subsidised lines are fixed with, and cannot be changed without, the consent of the Imperial Chancellor. In Austria, the Austrian-Lloyd may not alter its rates while the subsidy contract is in force without the consent of the Ministry of Commerce. Mr. Charles Wilson stated that this control is also exercised in Norway. If foreign Governments have the right to control the rates of freight on their own subsidised vessels to suit their own trades, while the British Government has no such right, it is open to question whether in this way the conditions of foreign subsidies may not react very injuriously on British trade.

Why, it is argued, should any subsidy of any kind be paid to any companies, if such exist, which charge abnormally high and profitable rates of freight, or which put British shippers on less good terms than the foreigners? Why should any company receive the advantage of a British subsidy if it is proved to carry foreign goods for less than it carries British goods? Your Committee have endeavoured to ascertain whether any cases of this description have occurred, and the Natal Government specially deputed their Agent-General, Sir Walter Peace, to bring the question of Shipping Conferences to the notice of the Committee as a subject worthy of consideration. Sir Alexander Swettenham, now Governor of British Guiana, and previously Acting-Governor of the Straits Settlements, and Sir Alfred Hickman, have more particularly given evidence upon this matter on the one side, and Sir Thomas Sutherland, the Chairman of the Peninsular and Oriental Steamship Company, on the other. Some of the details of the evidence should be read. The mode of operation of a Shipping Conference or Ring is that the owners of regular lines of steamers join together and settle between them all British rates to any person who ships goods by them; they then give a rebate on the rate charged to that person for exclusive support, which is held in hand from six to twelve months, and is expressly not paid over unless the shipper makes a declaration that he has not shipped goods by any other vessels than those in the Shipping Conference (see form of application for deferred rebate, Appendix (1902) 16). The effect is that a shipper cannot ship by an independent steamer which is outside the Conference unless he ships a full cargo. The owner of the independent steamer might say that he would carry parcels of goods at 5s., 10s., or 15s., a ton less than the Conference was charging, but the shipper dare not employ him, because he (the shipper) would have to sacrifice the sum held in hand by the Shipping Conference. By the Conference system Sir A. Swettenham states that the "tramps" (or cargo steamers undertaking irregular journeys, prompted by the offer of business, and not always belonging to regular lines but much more often to individual owners) which formerly plied to Singapore have been absolutely boycotted to the detriment of British trade. Sir T. Sutherland does not deny that Singapore rates were brought down by the competition of the tramps to about 17s., and even 5s., a ton, but says that one of the causes may also have been competition among the liners themselves; and he states that the assertion about the disappearance of the "tramps" in 1897 is all nonsense, though the Conference at just the same time raised the rates to 32s. per ton. When a line of regular steamers, or a single steamer independent of a

Conference, makes its appearance, it generally commences by offering to take lower freights than those existing at the time, and a conflict ensues. If the line has trouble in holding its own, the Conference may reduce its rates to figures below those of the independent company, i.e., may introduce what are known as "fighting rates," and starve the independent company out of existence. If, however, the line is strong enough to maintain its independence against the monopoly of the Conference, overtures may eventually be made, and the new line may be admitted within the Conference Ring.

Sir Alfred Hickman does not even ask for a fair rate; all he asks is that the British shipowner should not carry foreign goods at less than he carries British goods, which gratuitously lets in foreigners. Thus, in March, 1899, hardware was carried from Amsterdam to Java, via Liverpool, including transhipment, at 20s. a ton, while hardware carried in the same vessels from Liverpool to Java was charged at the rate of 30s. a ton. So that it was not only carried from Amsterdam to Liverpool and transhipped for nothing, but for 10s. less than nothing. In 1896 iron girders from Antwerp to the eastern markets were charged at 19s. a ton, and from London 25s. In 1902 the rate of tea from China to London was 30s., less 10 per cent. deferred rebate, say nett, 45s., while from China to New York it was 20s., to 30s., according to competition. On another occasion a large London shipping company, subsidised by the Government to carry mails, brought iron from Antwerp to the Far East by way of London, and charged 40s. less a ton for it than they did for a similar cargo from London. In the present year the German Steamship Companies carry paper through from Gothenburg, via Hamburg, to Melbourne and Sydney at 35s. per cubic metre, or 2s. 6d. less than the London rate; paper was this year shipped from New York to Melbourne at 25s. a ton of 40 cubic feet, and from London to Melbourne at 42s. 6d. per ton of 40 cubic feet, but it is only fair to say that the rates above compared were chiefly fighting rates during freight wars between British and foreign steamship lines.

29. A great argument in favour of Shipping Conferences is that they are formed to secure uniform rates, and if the rates are kept uniform, and are not made so high as to prejudice trade and let in foreign traders, merchants like similarity as much as possible. Shipowners have as much right as trades unions to form combinations to obtain reasonable remuneration. It is not unreasonable that lines, providing regular and efficient service throughout the year, which is greatly to the advantage of merchants, should take means in favourable times to protect themselves against opposition, as in less favourable times they are left alone to pursue the trade, sometimes at a loss. Sir Thomas Sutherland says that the necessity of Conferences has been proved for the self-preservation of liners, for preventing fluctuations in rates, for preventing competition among the liners themselves, and for maintaining equal rates and sailings at regular dates, which the merchants desire. Having regard, however, to the facts referred to in the preceding paragraph, it is the opinion of your Committee that in any case where commercial subsidies may be given, power should be reserved to the Government giving them, to control the maximum charged by the ships so subsidised, and that the operation of the Conference system in relation to the subsidised shipping is worthy of the careful attention of His Majesty's Government.

36. In the first place, then, evidence has been received to show that orders have been placed with foreign manufacturers in preference to British manufacturers, in consequence of cheaper rates of freight or greater convenience or regularity of foreign shipment. The Natal Government has called the attention of the Committee to this matter. Sir William Ward, British Consul-General at Hamburg, who has evidently a great grasp of trade in Germany and its international aspects, says that he is told that British merchants trading with the Levant and East Africa, frequently find themselves compelled in the interests of their customers in the Levant and East Africa, to place orders for them with German manufacturers, which would be executed in the United Kingdom, but for the impossibility of the British manufacturer competing with the low prices due to the largely reduced rates of freight to those countries.

50. Your Committee trust, in conclusion, that they have collected a large amount of valuable information; they are not directed by the terms of

the reference to make recommendations, but it may be convenient to summarise their opinions expressed in the course of this report. They are :—

That the subsidies given by Foreign Governments to selected lines or owners tend to restrict free competition, and so to facilitate the establishment of federations and shipping rings, and therefore that no subsidy should be granted without Government control over maximum rates of freight and over this combination of subsidised with unsubsidised owners to restrict competition.

EXTRACTS FROM THE REPORT RECEIVED FROM
MR. HENRY BIRCHENOUGH,

Special Commissioner appointed by the Board of Trade.

Mr. Birchenough states that low freight is one of the causes which have assisted the progress of foreign trade in South Africa :

(1) (a) American trade has undoubtedly been greatly stimulated by the low freights at which British steamship companies have lately been carrying goods from New York to South African ports, as compared with the prices charged from British ports to the same destination. Those low freights are the result of a struggle between the "Conference" Lines and the Prince and Houston Lines, which began in June, 1902. It is by no means the first of such struggles, indeed it is only another incident in the fluctuation of American rates. Formerly the direct trade between the United States and South Africa was conducted by means of sailing ships. When steamers began to be used freights were dropped, in order to drive sailing ships off the seas. As soon as this was accomplished, prices were put up. The same thing occurred when the Hansa Line began to compete, and now it is repeated with the "Prince" and the "Houston" Lines. For many months cargoes were carried from America at an all-round price of 10s. per ton. When this is compared with British rates varying from 25s. to 12s. 6d. per ton, it will be seen what a serious advantage has been conferred upon American trade. At the present time American rates are advancing again, and before the end of May had reached 17s. 6d. to 21s. per ton, but they are still very much below the charges made to British shippers. It is, of course, contended by the Steamship Companies that these are special "war rates," and that as soon as the struggle is decided one way or the other, there will be a return to normal rates, which are practically the same between New York and South Africa and Great Britain and South Africa. Many importers, however, complain that, even with equal rates, the system of classification in force is permanently in favour of American produce and manufactures. Instances can be quoted for and against this view. Upon the whole it does not appear to be a very serious factor in the question. There is no doubt, however, that identical classification is desirable.

There can be no question whatever that the 10s. rate, which was in operation for about nine or ten months, was the cause of very large importations from America. I was informed over and over again by merchants and by Chambers of Commerce in each of the Colonies, that it had brought into South Africa articles of American manufacture, which would not otherwise have found their way there for years. Tempted by low freights, merchants not only filled up their stocks of heavy articles, such as stoves, agricultural implements, tools, wire, etc., but made up cargoes with any produce that seemed to sell. It was perfectly natural that they should want to take advantage of the 10s. rate while it lasted.

In the metal and machinery trades, where competition is very keen, and British and American rivalry is very close in quality and price, the effect has been most serious. It is obvious that a difference of freight amounting from 18s. to 25s. per ton is quite sufficient to determine to which country, other things being equal, orders shall go. In the engineering trade there are cases of the amalgamation of British and American firms. Their South African representative sends the orders he takes to the American or to the British branch according to the circumstances. During the prevalence of low American freights it need hardly be said they went to America.

Australia was as hard hit as Great Britain. While the rate from America was 15s., that from Australia for the same class of goods was 35s. At one time corned beef was carried from New York at 12s. 6d. per ton and from Australia at 30s. 6d.

After careful enquiry, I am convinced that no single circumstance has done so much to promote the growth of American trade during the past twelve months as these low freight charges between America and South African ports. It is not pleasant to reflect that they are the result of the action of British and not foreign steamship companies.

(b) In the case of Germany, the advantage takes another form. German competition is greatly assisted by the special low rates at which the German State Railways carry goods for export from the place of manufacture to the port of shipment. This constitutes *pro tanto* a bounty upon export. Steamer freights from German and British ports to South Africa are nominally the same, and there is no reason whatever to suppose the arrangements between the "Conference" Lines, which include German companies, are not strictly observed. But this preferential treatment of goods for export by the German State Railways, gives German manufacturers a great advantage, when they quote through rates (sea and rail) to South African ports.

Moreover, it is asserted that the German State Railways can, and do, if they think fit, make a condition that goods handed by them to the Subsidised Steamship Companies upon through bills of lading from German towns to South African ports shall be carried by weight and not by measurement.* British Steamship Companies have the option of deciding whether the rate is to be by weight or measurement, and of course charge by whichever system is most to their interest. The result of the German plan is that all goods which are bulky in proportion to their weight—when charged by weight alone—obtain a great advantage. Take the case of spades, shovels, barrows, agricultural implements, etc. These when packed occupy space out of all proportion to their dead weight. In England they would be charged by the shipping ton, namely, 40 cubic feet of space; in Germany they would go by dead weight, which would permit an exporter to send from three to four shipping tons at the price of one ton weight. Even so heavy an article as a traction engine, if charged by dead weight instead of by cubic space, gets an advantage of about half freight. This last point receives confirmation from the repeated assurances which were given me in Johannesburg by the Government Mining Engineer, amongst others, that British traction engines could be delivered c.i.f. South African ports at a lower price from Hamburg agents than from British principals. It is further stated that in view of the above practice of German railways, British goods are sent to Bremen, re-marked there, and then handed over to the German railways to be conveyed to Hamburg, and from there shipped to South Africa. The saving of freight is sufficient to pay all the expense of these complicated arrangements, and to leave a profit.

With regard to Belgium, I was assured on all hands that lower freights can be obtained from Antwerp than from England. Hence Belgian candles, steel girders and joists are carried cheaper than the corresponding British goods.

So far only steam freights have been mentioned, but a considerable portion of the Continental trade with South Africa is carried in sailing vessels, including such goods as cement, trucks and rails, shoes and dies for stamp batteries, cyanide tanks, wire, steel girders, and generally "rough" or heavy goods.

In sailing vessels freights rule lower from German and Belgian ports than from England. The following statement was made to me by a Johannesburg merchant:—

"The differentiation in rates of freight has now been extended to sailing vessels loading in Great Britain. Formerly the market for sailing vessels was open, but to-day it is controlled by a small "Ring," and it is extremely difficult to charter sailing vessels to be loaded in Great Britain. This has resulted in such a difference in the rate of freight that it pays to ship goods from Great Britain to Antwerp in order to obtain the lower rates obtainable there. Quite recently the freight from Antwerp was 10s. per ton for the same goods that were charged 22s. 6d. from London."

One of the explanations offered for the low freight which Germans and Belgians obtain is as follows:—

"In Germany the firm which does the shipping is, as a rule, agent for a large number of manufacturers. He is in a position to charter a ship

* I am aware that higher rates are chargeable, at any rate in some cases, on measurement goods, but the difference does not compensate for the freight being calculated as it is by weight.

and arrange for moderate freights, and then to go to his principals and say he wants so many tons of, say, cement, artificial manure, steel wire, mixed goods, etc., to make up his cargo, if he cannot fill up he can often persuade some manufacturer to send out goods on consignment to make up the dead weight he requires."

Whatever be the explanation, it is certain that lower freights are obtained, and that they are of distinct advantage to Continental trade.

SHIPPING RINGS AND PREFERENTIAL RATES.

My instructions were:—

To ascertain as far as possible—

A. The actual effect of the operations of shipping rings or conferences—

(1) On British Trade with South Africa.

(2) On Foreign Trade with South Africa.

B. The effect which Foreign Shipping and preferential through (rail and shipping) rates may have had in the direction of developing Foreign Trade.

A. The effect of the Operation of Shipping Rings or Conferences.—

The South African Shipping Conference has attracted so much public attention, and has been criticised and discussed from so many points of view during the last twelve months that it is not necessary either to describe its constitution or its methods in any great detail. As is well known, it is a combination of shipping companies formed for the purpose of maintaining uniform rates of freight between British and South African ports. By the accession of the principal German Steamship Lines this uniformity is to all appearances extended to German ports. It has been gradually built up by the inclusion of independent lines, which have from time to time endeavoured to obtain a share in the South African shipping trade. Whenever the competition of such lines appeared formidable, they have, after a short struggle, been admitted to the ring.

In order to obtain a firm grip of importers, the rebate system has been called into play. In this particular case it is worked in the following manner:—

Ten per cent. is added to all freight charges under the designation of "primeage" and is paid by shippers along with other charges in cash upon delivery of bills of lading. Upon the 1st March and 1st September shippers send in to the Conference a statement of their accounts of freights and "primeage" paid during the previous six months, with a declaration that they have not been interested, directly or indirectly, either as principals or agents, in any shipments to any South African port by steamers other than those despatched by the Ring. Six months is then allowed for the examination of these accounts, and if they are passed, any time within three months the Conference refund a "rebate" or discount at the rate of 10 per cent. upon the total amount of freight and primeage.

In cases of disloyalty, that is to say, if a shipper has made use of any non-Conference line, the entire rebates standing to his credit are liable to forfeiture. It is obvious that at any given moment, owing to the withholding of rebates for a maximum period of fifteen and a minimum period of nine months, a shipper doing continuous business will have so considerable a sum in the hands of the Conference that he can only break away at a serious financial sacrifice. He is, in fact, tied to the Ring by the rebates. Nor is this all. Many shippers represent or act for a large number of firms. If any of these firms are "disloyal," and despatch goods on their own account by non-Conference lines, the shipper must either repudiate all connection with them or lose his rebates. Sometimes breaches are "punished" by fancy freight charges for individual shipments and upon complete submission, the shipper is "forgiven." It must be admitted that the system is admirably devised for crushing competition and securing and maintaining a practical monopoly.

I believe a majority of traders are agreed that uniform rates of freight are desirable so long as they are reasonable rates. There is no wish to see unlimited competition with constant uncertainty as to the prices they will have to pay. At the same time a considerable number of merchants in South Africa hold the opinion that with an open freight market there is no reason to suppose rates would fluctuate more than the price of any other commodity, and that even if they did, it would be better to face fluctuations than to continue to endure the present monopoly.

The Merchants' case against the Ring is briefly as follows:—The rates charged are too high, and constitute a heavy tax upon South African Trade. They are proportionately higher than any freights in the world, and while other rates have gone down, South African rates, until the recent competition of the Houston Line, have remained practically stationary. They are based upon charges for high class steamers, whereas for "rough goods" a cheaper class of steamer would serve, and could be run at a much less cost with correspondingly lower freights. The methods of the Ring are oppressive, and their threats of boycotting and their actual system of punishments are intolerable. Merchants and shippers are not free agents, because they cannot afford to lose the advantages they secure through the Ring, namely (1) regular services; (2) quick delivery due to the preferential treatment of mail boats with regard to unloading at all South African ports; nor can they afford to sacrifice their rebates.

To this the Conference replies that their rates are necessarily higher than other rates, owing to the peculiarity of South African Trade. They get practically no return cargo, and the outward freight has really to carry the cost of the double journey. They do not rely either upon their mail privileges or upon their monopoly. They provide a fleet of 250 vessels, representing a million of tonnage, and give a first rate and quite regular service. Steamers are out of date in nine or ten years, and have to be replaced. They spare no expense to keep up a high standard of ships, and man them exclusively with British seamen. If they employed Lascars they might no doubt run their boats more cheaply. Taking all these facts into consideration, their charges are not unreasonable. The best proof is that the Conference does not make abnormal profits; indeed no other trading company in South Africa would be willing to work for so small a return. It is not true that all their charges are based upon the highest class of steamers. The boats of the Clan and Bucknall Line belong to the tramp class, and the freight by these vessels, namely, 22s. 6d. per ton for "rough" goods is a low freight. With regard to the rebate system, it is in operation in other markets, and is not peculiar to South Africa. If they are to provide adequately for the future, they must have some security for the continuity of their business, the only way to obtain it is by binding their customers to them. The "rebate" system prevents the cutting of rates, and is to that extent as much a protection to the shippers as it is to the Ring.

There are really two questions at issue, the reasonableness or the unreasonableness of the Ring's charges and the character of the measures they take to enforce them.

In the absence of free competition, it seems impossible to decide what is a reasonable freight charge for South Africa. The present rates may be too high, and the shippers are perfectly justified in endeavouring to get them reduced either by pressure upon the Conference or by attracting and supporting competing lines, or by any other means in their power.

It is only fair to say that most of the assertions which have been made with regard to the influence of ocean freight upon the cost of living in South Africa seem to be highly exaggerated. So far as freights are in excess of what they would be under the free play of competition, they are undoubtedly a tax upon South African trade; but no moderate person will assert that any reduction, which is commercially possible, would seriously affect the cost of living in inland Colonies, although it might, and no doubt would, *pro tanto* reduce the landed cost to importers of particular commodities. It is true that two wrongs do not make a right, but railway charges are a far more potent factor in costs to the inland Colonies than ocean freights.

I am inclined to think that the methods of the Ring in enforcing their monopoly by means of threats and punishments to individual shippers have been characterised by want of tact and moderation, which is far more responsible for the exacerbation of public feeling than either the scale of their charges or any want of satisfaction with the excellence and regularity of the service.

It is commonly asserted that merchants and shippers should combine and find their own remedy, but one speedily discovers on the spot, that the situation is not so simple as it looks. The interests of all parties are not identical in the matter. It is said that 55 per cent. of the importers in South Africa have not got houses of their own in London, but are represented by shippers, who are paid a commission not upon actual purchases, but upon the cost and charges, including freight charges. High freights are therefore to their interest. For instance, if the Conference freight is 47s. 6d., and the opposition freight 37s. 6d., the shipper obviously gets his commission on 10s. more if goods are shipped by the Conference lines than by the opposition line.

Moreover, in the case of small merchants in South Africa, the London shipper does not always give the rebate to his client, but keeps it for himself. It is so much additional profit, and consequently he is not likely to regard rebates with disfavour.

No doubt the simplest temporary solution of this question lies in the growth of powerful competition to the Conference Lines. To be really effective such competition will have to offer the same facilities and advantages which are now given by the Ring. Many merchants in South Africa who have not yet done so, would have sacrificed their rebates and thrown in their lot with the Houston or any opposition line, if they could have been sure of frequent sailings and an absolutely regular service.

This applies particularly to such ports as Algoa Bay, East London, and Durban. The stronger the opposition becomes, and the more complete its arrangements, the greater its chance of success.

It is useless to disguise the fact that there is a general fear in South Africa that any competition whatever will, however promising it may seem at first, result eventually in a fresh "combine" of the competing lines and a return to the old monopoly with high freights and rebates.

The rebate system must always be the "lion" in the path of free competition. So long as it is in force merchants and shippers cannot be free agents. I am convinced that it lies at the very root of the matter.

Considerable assistance may be given to the trading community in obtaining lower freights, if the various Colonial Governments, and more particularly the Crown Agents as representing the Transvaal, will use their present and prospective enormous shipments from home for public works, as a lever to obtain better terms for the South African public as well as for themselves.

They will for some time be so much the largest individual shippers to South Africa that they ought to be able to exercise great influence in that capacity alone.

Coming now to the actual effect of the operations of Shipping Rings or Conferences upon British and Foreign trade with South Africa, it is not easy to indicate their precise influence upon British trade, except in so far as they have tied it up in the close bonds of high and inflexible freights, while they have encouraged American trade in the most remarkable manner by specially low rates. This point has already been very fully dealt with in conjunction with the reasons for success of Foreign Competition in South Africa (pp. 48 and 49). It was there pointed out that, owing to a freight-war between the South African Conference and the Prince and Houston Lines, which began in June, 1902, American goods were for a period of at least nine months carried from New York to South Africa at an all-round price of 10s. per ton, and that the result of this has been, as might be expected, to give a great stimulus to American trade and to introduce into the South African market manufactures which would not otherwise have found their way there for years. The difference in freight between 10s. and the British rates, varying from 25s. to 42s. 6d. according to classification, was quite enough to determine the destination of many orders. A single example may be given here which was not mentioned in the previous section referred to above. The Scotch "Dover" stove is 2s. 6d. to 3s. cheaper than the American stove f.o.b., but landed in South Africa the American stove became the cheaper of the two. About five stoves go to the ton. The freight from Great Britain was 32s. 6d. per ton, or, say, 6s. 6d. per stove. Freight from New York was 10s. per ton, or, say, 2s. per stove. The difference against the Scotch stove was therefore 4s. 6d., which made its landed cost in South Africa 1s. to 1s. 6d. higher than that of the American stove, in spite of its lower f.o.b. cost. As already stated, so long as the 10s. rate lasted merchants were tempted not only to fill up their stocks of heavy articles, such as agricultural implements, fencing wire,

machinery, etc., but to make up cargoes with any article which seemed likely to sell. No single circumstance has proved so favourable to the rapid growth of American trade with South Africa as these low freights, and we owe them to the action of British Shipping Companies. At the present time rates from America are advancing, though they are still considerably below British rates. The Steamship Companies assert that as soon as the struggle between the rival lines is decided, there will be a return to the normal rates, which are practically the same between New York and South Africa and British ports and South Africa. Even if that be so, there remains the question of classification, which is said to be on the whole in favour of American goods. Although this is open to question, it is highly desirable that the Conference Lines should as far as possible establish identical classification for British and American goods.

As important German Steamship Lines are included in the Conference, freights from German and British ports are nominally the same, but there are circumstances beyond the control of the Shipping Companies which confer great advantages upon German trade.

These will now be mentioned.

B. *Preferential Through Rates (Rail and Shipping).* In dealing with the causes of the success of foreign competition (pp. 49 and 50) it was pointed out that German trade in South Africa has been materially assisted—

- (1) By the low preferential rates at which the German State Railways carry goods for the oversea trade from the place of manufacture to the port of shipment, thereby enabling exporters to quote a preferential through rate (rail and sea) from German manufacturing towns to South African ports.
- (2) By the fact that the Imperial Railways can insist upon the subsidised Steamship Lines carrying and charging goods, which are bulky in proportion to their weight, by dead weight instead of by cubic measurement, when an advantage is thereby secured to the exporter.

Previous to the war the Germans had a special arrangement with the (Transvaal) Netherlands Railway, whereby German goods shipped by way of Delagoa Bay came upon through Bills of Lading from German inland towns to towns in the Transvaal at through preferential rates. This arrangement, although very imperfectly carried out, proved of some advantage to German trade, especially as the Netherlands Company collected the Customs' duties for the Transvaal Government, and, according to report, dealt very gently with German products. It is now a thing of the past, so it is unnecessary to report upon it further.

At present, owing to the practice of the Imperial German Railways in carrying goods for export at special low preferential rates, a German manufacturer can quote a lower through rate (rail and sea) from the place of manufacture to any South African port than it is possible for a British manufacturer to quote who has to pay the ordinary rate over English railways. The sea freights may be the same from German and British ports, but the through rate is almost invariably lower from Germany. These preferential railway rates in favour of oversea trade in Germany are an indirect bounty upon exports, and it is the universal opinion in South Africa that they have proved of great advantage to German trade, especially in the case of manufacturers of steel and iron, steel rails, machinery, etc., where prices are cut very fine for large tenders. As might be expected, there is an increasing tendency upon the part of Germans to quote prices c.i.f. South African ports. So far as could be ascertained, preferential through rates (sea and rail) are confined to Germany.

It is impossible to trace the influence of foreign shipping subsidies in extending foreign trade in South Africa. According to the best opinions obtainable, their effect has not been appreciable, with one possible exception. If it is that they receive subsidies that German Steamship Companies can be called upon to carry goods by dead weight instead of by cubic measurement, then the subsidies have exercised an indirect influence upon the development of German trade. The effect of this method of charging freights has been so fully described and illustrated (pp. 49 and 50) that it is unnecessary to repeat it. It is one of the several causes which bring it about that German goods are always carried more cheaply from their place of manufacture to South African ports than are British goods.

APPENDIX III.
OFFICIAL CORRESPONDENCE LEADING UP TO CONFERENCE.

Serial No.	From	To	Date.	Subject.	Page.
I.	H.E. Lt. Governor	High Commissioner	8/2/04	Forwarding resolution of Transvaal Legislative Council,	
II.	High Commissioner	Governor of Natal and Cape Colony	10/2/04	Enclosing copy of No. 1.	217
III.	Governors of Cape Colony and Natal	High Commissioner	18/2/04	Agreeing to Commission of Enquiry.	218
IV.	Johannesburg Chamber of Commerce	High Commissioner	30/4/04	Enclosing Resolutions.	219
V.	Administrator of Rhodesia	High Commissioner	23/4/04	Requesting to be represented at Conference.	220
VI.	Lt. Governor, O.R.C.	High Commissioner	30/4/04	Agrees to Conference.	
VII.	Governor of Cape Colony	High Commissioner	3/5/04	Encloses Minute of Ministers.	221-222
VIII.	High Commissioner	Governor of Cape Colony	12/5/04	Telegram: <i>re</i> place and date of Conference.	223
IX.	Pretoria Chamber of Commerce	High Commissioner	17/6/04	Enclosing resolutions: answer from High Commissioner	
X.	High Commissioner	Lt. Governor, O.R.C.	29/6/04	Asking concurrence to appointment of Advisor to Conference.	224
XI.	Lt. Governor, O.R.C.	High Commissioner	11/7/04	Agreeing to Advisor and appointing Delegates.	
XII.	High Commissioner	Secretary of State	9/7/04	Telegram: <i>re</i> appointment of Advisor to Conference.	225
XIII.	Secretary of State	High Commissioner	22/7/04	Appoints Douglas Owen.	
XIV.	High Commissioner	All S.A. Governments	26/7/04	Appointment of Mr. Douglas Owen. Enclosing Draft Notice of Conference.	226
XV.	Secretary of State	High Commissioner	29/7/04	Shipping Companies enquire as to scope of Conference and desire to be heard.	
XVI.	High Commissioner	Secretary of State	29/7/04	Forwards terms of reference and states opportunity of being heard will be given to persons interested.	227
XVII.	Administrator, Cape Town	High Commissioner	31/7/04	Agrees to appointment of Mr Douglas Owen, and also Draft Notice, appointing Delegates.	
XVIII.	Administrator of Natal	High Commissioner	5/8/04	Appoints Delegates.	228
XIX.	Lt. Governor, Transvaal	High Commissioner	11/8/04	Appoints Delegates.	
XX.	Administrator of Southern Rhodesia	High Commissioner	15/8/04	Appoints Delegates.	
XXI.	Administrator of Southern Rhodesia	High Commissioner	18/8/04	Appoints Mr. W. Tower as Delegate in place of Mr. S. F. Townsend.	229

I.

Lieutenant-Governor's Office,
Pretoria,
8th February, 1904.

Your Excellency, —

I have the honour to forward for your information the following Resolution, which was passed by the Legislative Council on Monday, the 1st of February: —

"That in view of the importance to South Africa of the question of
"Sea Freights from Great Britain, the Governor of this Colony be
"requested to invite the Governments of the other Colonies in
"South Africa to join them in a Commission of Enquiry, with the
"object of devising some means by which rates of Freight now
"current may be reduced."

In view of this Resolution, which was accepted by the Government, I have the honour to request that your Excellency will communicate with the other Colonial Governments in South Africa in the direction indicated by the Resolution.

I have the honour to be,

Your Excellency's Most Obedient Servant,

(Signed) ARTHUR LAWLEY,
Lieutenant-Governor.

His Excellency the High Commissioner,
Johannesburg.

II.

High Commissioner's Office,
Johannesburg,
10th February, 1904.

Sir,—

I have the honour to inform you that the following Resolution was passed by the Legislative Council of the Transvaal on the 1st February: —

"That in view of the importance to South Africa of the question of Sea
"Freights from Great Britain, the Government of this Colony be
"requested to invite the Governments of the other Colonies in
"South Africa to join them in a Commission of Enquiry, with the
"object of devising some means by which rates of Freight now
"current may be reduced."

I shall be glad to learn whether your Government is prepared to join in a Commission of Enquiry as suggested. The matter is one in which the concerted action of the various Colonies appears to me to be desirable.

I have the honour to be, Sir,

Your Excellency's Most Obedient Servant,

(Signed) MILNER,
High Commissioner.

(1) H.E. The Hon. Sir W. Hely-Hutchinson, K.C.M.G.,
Governor of the Cape Colony,
Cape Town.

(2) Sir H. Balfour, K.C.M.G.,
Administrator of Natal,
Pietermaritzburg.

III.

Government House,
Cape Town,
18th February, 1904.

My Lord,—

I have the honour to transmit to your Lordship, with reference to your despatch No. 19 of 10th instant, the document specified in the annexed Schedule.

I have the honour to be, my Lord,
Your Lordship's Most Obedient Servant,
(Signed) WALTER HELY HUTCHINSON.

Prime Minister's Office,
Cape Town,
17th February, 1904.

MINUTE.

Ministers have the honour to acknowledge the receipt of His Excellency the Governor's Minute, No. 112, of the 15th instant, transmitting for their consideration a copy of a despatch from His Excellency the High Commissioner, relative to the question of Sea Freights from Great Britain.

In reply thereto, Ministers desire to state that they are prepared to join in the proposed Commission of Enquiry, and trust that the Commission may be able to devise some means whereby the present rates of Freight may be reduced.

(Signed) G. GORDON SPRIGG.

Government House,
Pietermaritzburg, Natal,
26th February, 1904.

My Lord,—

In reply to your Lordship's despatch No. 13 of the 10th instant, I have the honour to inform you that this Government will be pleased to join in the proposed Commission of Enquiry, having for its object the reduction of Sea Freights from Great Britain.

I have the honour to be, my Lord,
Your Lordship's Most Obedient Servant,
(Signed) HENRY BALE,
Administrator.

His Excellency the High Commissioner for South Africa, &c., &c., &c.,
Johannesburg.

IV.

[COPY.]

Johannesburg Chamber of Commerce,
Johannesburg, 30th April, 1904.

To His Excellency Viscount Milner, G.C.B., G.C.M.G., &c.,
High Commissioner for South Africa.

Your Excellency, —

I have the honour to inform your Excellency that a combined meeting of the members of the Johannesburg Chambers of Commerce and Trade was held yesterday for the discussion of the following questions, viz.:—

- (a) The action of the Colonial Office in regard to purchases of supplies for the Governments of the Transvaal and Orange River Colony.
- (b) Shipping Freights to South Africa.

The following Resolutions were unanimously adopted, and I was instructed to forward them for the consideration of your Excellency, and to ask if you will be so good as to communicate them to H.M.'s Secretary of State for the Colonies and to the Governments of the several South African States.

I may state that the membership of the two Chambers comprises some 240 Johannesburg firms, and there is no doubt that the Resolutions embody the views of the entire commercial community.

RESOLUTIONS.

Tenders for Government Supplies:—

1. That this joint meeting of the Johannesburg Chamber of Commerce and Johannesburg Chamber of Trade enters its emphatic protest against the action of H.M.'s Secretary of State for the Colonies in instructing the Government of the Transvaal that all materials and articles which are not produced in South Africa should be purchased through the Crown Agents.

2. This meeting contends that traders in the Transvaal and Orange River Colony should have facilities to tender for Government supplies similar to those granted to merchants at Home, thus placing them on an equal basis.

Shipping Freights:—

1. This meeting urges upon the Government the desirability of inserting a clause in any contract entered into with Shipping Companies, requiring the Contractor to carry, at the same rates, any other Freight offered.

2. That the Governments of South Africa should take such steps as will make it illegal for all Shipping Companies trading with South Africa to differentiate in rates as between one shipper and another.

I have the honour to be,

Your Excellency's Most Obedient Servant,

(Signed) W. A. MARTIN,

Chairman of the Meeting.

V.

TELEGRAM.

From Administrator, Salisbury.
To High Commissioner, Johannesburg.

No. 158.

23rd April.

In reply to your Excellency's despatch, 13th April, this Administration is anxious to be represented on Sea Freights Commission. Could your Excellency inform me of approximate date of opening?

VI.

Lieutenant-Governor's Office,
Bloemfontein,
30th April, 1904.

South Africa.
No. 11.

My Lord,

I have the honour to acknowledge the receipt of despatch No. 1651/04 of the 13th of April, and in reply to inform your Excellency that the Government of the Orange River Colony concur with the Government of the Transvaal in the importance of appointing a Commission to enquire into the question of the possible reduction of Sea Freights from Great Britain.

In view of the technical character of many of the questions that will come under the consideration of the Commission, it is suggested that the interests of this Colony would probably be best served by appointing as its representative some prominent importer, who, in the ordinary course of his business, may have acquired a practical experience of the details of the system at present in vogue under the control of the Shipping Ring. Both Mr. Bergstedt, of Winburg, and Mr. Gill, the manager of Messrs. Fichardt and Co., and for some time Chairman of the Chamber of Commerce, are gentlemen of considerable standing in commercial circles, and either of them would, I think, be a suitable representative of the Colony. Mr. Ehrlich, the present Chairman of the Chamber, who has recently been appointed by your Excellency as one of the assessors of the Railway Committee, has also been suggested to me as being competent to serve in that capacity.

Should, however, your Excellency consider it preferable for this Colony to be represented by a Government official, I would submit for your consideration the names of Mr. Ashburnham, the Acting Colonial Secretary, and Mr. Bernard Senior, the Auditor-General, both of whom had considerable administrative experience in South Africa before they came to Bloemfontein.

I regret that my absence on tour has caused some delay in dealing with this matter.

I have the honour to be, my Lord,

Your Excellency's Most Obedient Servant,

(Signed) H. T. WILSON,

Acting Lieutenant-Governor.

VII.

Government House,

Cape Town,

3rd May, 1904.

My Lord, —

I have the honour to transmit, for your consideration, a copy of a Minute I have received from Ministers on the question of the heavy charges now obtaining for Ocean Freight to South Africa, and expressing the opinion that the only method by which the present unsatisfactory conditions can be satisfactorily grappled with will be found by joint action by the Governments of all British Colonies in South Africa in respect to the disposal of their shipping orders.

Ministers now request me to communicate with the Governments of the adjoining Colonies on the subject, in order to ascertain whether they would be prepared to appoint delegates to a Conference for the discussion of this important question, and the time considered most convenient for such a Conference to assemble.

I am addressing the Governor of Natal on the subject; and ask your Excellency to inform me what reply should be given to my Ministers as regards the rest of British South Africa.

Ministers suggest that, in the event of the proposal commanding itself to the Governments of the various Colonies, the Conference should meet in Cape Town, and they express the hope that the delegates to the Conference will be the guests of the Cape Colony.

I have the honour to be, my Lord,

Your Lordship's Most Obedient servant,

(Signed) WALTER HELY HUTCHINSON

His Excellency the Rt. Hon. Viscount Milner, G.C.B., G.C.M.G., &c., &c., &c.

[Copy.]

Ministers to Governor:—

Prime Minister's Office,

Cape Town,

30th April, 1904.

Minute No. 1/262.

Ministers have the honour to invite the favour of his Excellency the Governor's special consideration to the important question of the heavy charges now obtaining for Ocean Freights to South Africa.

As his Excellency will be aware, this matter has engaged public attention for a considerable period, and its disadvantageous incidence has repeatedly been pointed out, but difficulties are experienced by the commercial community in arriving at any united course of action upon lines adequate to the occasion, without the countenance and co-operation of the various Government Administrations of British South Africa.

The burden of the present charges Ministers believe to be largely due to a system of rebate granted by Shipowners, which system can only be characterised as pernicious and detrimental to the advancement of the country, and Ministers desire further to invite attention to the fact that under these conditions an Association of Shipowners known as the Shipping Combine, or Ring — practically control the Sea-carrying trade to British South Africa: British Shippers and Manufacturers outside the Association being consistently handicapped through having to pay higher Freight Rates than shippers from foreign countries.

This fact, coupled with the advantages derivable from Subsidies paid by Foreign Governments towards the development of their Maritime trade and shipping undertakings, Ministers believe more than neutralise the preference to British Goods which it was the intention of the Customs Union to foster.

Under these circumstances, Ministers are of opinion that the only method by which the present unsatisfactory conditions can be satisfactorily grappled with will be found in joint action by the Governments of all British Colonies in South Africa in respect to the disposal of their shipping orders, and they are sanguine that in such action it will be possible not only to secure more favourable rates and open competition for the carriage of Government supplies, but also to secure similar advantages for the general consuming population.

Ministers have no doubt that in this the commercial sections of the Community and the importers who may be said to be, in a sense, primarily interested— would cordially co-operate, and that advantages secured would, in the ultimate result, be entirely beneficial to the great body of Colonial consumers.

Ministers consider that a point has now been reached at which the matter calls for definite treatment, and, with a view to concerted action, they have therefore the honour to recommend that his Excellency may be pleased to communicate with the Governments of the adjoining Colonies in order to ascertain whether they would be prepared to appoint delegates to a Conference for the discussion of this important question, and the time considered most convenient for such Conference to assemble.

Should the proposal commend itself, Ministers desire to suggest that the Conference should take place at Cape Town, the delegates to be the guests of the Cape Colony.

In conclusion, Ministers have the honour to state for his Excellency's information that, with the object of, in a measure, clearing the way for joint action at a later date, they have now instructed the Agent-General for the Colony to invite Tenders in the open market for all Ocean Freight for Cape Colonial Government Services, up to the 31st December next, instead of including arrangements for such shipments by the Conference Lines.

(Signed) L. S. JAMESON.

VIII.

TELEGRAM.

From High Commissioner to Governor, Cape Town.

No. 40.

May 12th.

With reference to your despatch No. 125 of May 3rd, I had already approached the South African Governments on the subject (see your Ministers' Minute 1/79 of February 17th), and they are all anxious for a Conference on the question of Ocean Freights. The only question is the date. The Transvaal Government say that it would be impossible, owing to pressure of work during June and July, for them to take any part before the beginning of August. As a Railway Conference has been proposed for that kind of date, would your Ministers prefer that the Ocean Freights should be dealt with before it? I think that there is rather a feeling on the part of the Transvaal Government that as the movement for concerted action with regard to Freights originated here the Conference ought to be held in the Transvaal, in which case the Government would be happy to entertain the delegates as its guests.

IX.

The Pretoria Chamber of Commerce (Incorporated),

Pretoria, Transvaal.

17th June, 1904.

Re "Shipping Freights."

Sir,—

I have the honour to inform you that I have been requested by my Committee to forward to you the following Resolutions, which were unanimously adopted at their last meeting, viz.:—

- (1) That this Chamber urges upon the Government the desirability of inserting a clause in any contract entered into with Shipping Companies, requiring the Contractor to carry at the same rate any other Freight offered.
- (2) That the Governments of South Africa should take such steps as will make it illegal for all Shipping Companies trading with South Africa to differentiate in rates as between one Shipper and another.

I have the honour further to request that the above recommendations be communicated to the Secretary of State for the Colonies and to the respective South African Governments.

I have the honour to be, Sir,

Your Obedient Servant,

Private Secretary

to His Excellency the High Commissioner,

Johannesburg.

Pretoria.

(Signed) R. SMITH.

for Secretaries.

High Commissioner's Office,

Johannesburg,

Sir,—

July 2nd, 1904.

I have the honour to acknowledge the receipt of your letter of June 17th respecting certain Resolutions which were unanimously adopted at the last meeting of the Pretoria Chamber of Commerce in regard to the question of Shipping Freights.

A copy of your letter is being forwarded to the Secretary of State for the Colonies, and to the various South African Governments.

It may be of interest to you to learn that arrangements are being made for an Inter-Colonial Conference to assemble at Johannesburg some time in August to discuss the question of Shipping Freights.

I have the honour to be, Sir,

Your Obedient Servant,

The Secretary

to the Pretoria Chamber of Commerce,

(Signed) F. H. MITCHELL.

for Imperial Secretary.

Pretoria.

X.

High Commissioner's Office,

Johannesburg,

June 29th, 1904.

Sir,—

During the recent visit of the Cape and Natal Prime Ministers to Johannesburg the question of the Shipping Conference was discussed, and we agreed on the following arrangements. The Conference to take place on or about the 22nd of August at Johannesburg, and to be composed of one official and one non-official (commercial) member from each of the five Colonies—Cape, Natal, Transvaal, Orange River Colony, and Rhodesia—making ten delegates in all. At the same time, at the suggestion of the Cape and Natal Prime Ministers, I undertook to ask the Imperial Government to select a Shipping expert Adviser to assist members of the Conference in the taking of evidence.

Before communicating with the Colonial Office, I shall be glad to know whether you agree as to the advantages of having such an adviser, and whether you would also be prepared to leave the selection to the Secretary of State.

It was also agreed that the Chairman should be selected from among the ten delegates.

Should you concur in these proposals and find the date suggested a convenient one, I shall be glad to receive the names of the nominees of your Government.

I have the honour to be, Sir,

Your Excellency's Most Obedient Servant,

(Signed) MILNER.

His Excellency the Acting Lieutenant-Governor
of the Orange River Colony, Bloemfontein.

XI.

Lieutenant-Governor's Office,

Bloemfontein, O.R.C.,

July 11th, 1904.

My Lord,—

With reference to your despatch O.R.C. No. 3020/04 of the 29th ultimo, and confirming my telegram of the 9th instant, I have the honour to express my approval of the suggestion that the Secretary of State for the Colonies should be asked to select a Shipping expert Adviser to assist the members of the proposed Conference on South African Shipping Freights.

I concur in the other proposals contained in your Excellency's despatch, and I have the honour to nominate Mr. B. Senior, Auditor-General, and Mr. H. F. Gill, Chairman of the Bloemfontein Chamber of Commerce, to represent this Government at the Conference.

I have the honour to be, my Lord,

Your Excellency's Most Obedient Servant,

H. F. WILSON,

Acting Lieutenant-Governor.

His Excellency the High Commissioner,
Johannesburg.

XII.

TELEGRAM.

From High Commissioner
to Secretary of State, London.

No. 190.

July 9th.

The South African Colonies have agreed to send delegates to a Conference on the question of Shipping Freights, to be held here about 22nd August next, and have asked the High Commissioner to try and obtain Shipping Expert from Home to advise them and to assist them in the taking of evidence. His expenses will be shared among them. I think we ought to be very careful, as the question is of such importance to South Africa, to secure the best man possible, and hope you will be able to secure the services of some impartial business man who is not connected in any way with the Ring or any Government, with a profound knowledge of shipping in all its branches. It is not likely that the Conference will last more than one month. The Governments would leave it to you to arrange terms.

XIII.

COPY OF TELEGRAM.

From Secretary of State, London,
to High Commissioner, Johannesburg.

No. 1.

July 22nd.

Your Telegram of July 9th, No. 190. I have selected Douglas Owen for the purpose of advising Conference, and he will be able to start on July 30th. He is, in my opinion, admirably qualified for the duty. He is Secretary to the Marine Insurance Company, and is a recognised authority in all branches of Shipping Law and practice, and altogether unconnected with any Government or Ring.

XIV.

High Commissioner's Office,
Johannesburg,
26th July, 1904.

Sir,—

I have the honour to inform you that, in accordance with the arrangements arrived at in regard to the Shipping Freights Conference, I consulted the Secretary of State, and hear that Mr. Douglas Owen, Secretary of the Marine Insurance Company, has been selected by him as Expert Adviser. Mr. Owen is a recognised authority in all branches of Shipping Law and practice, and altogether unconnected with any Government or Ring; he will sail on July 30th. In regard to the actual Conference itself, I would be glad to hear the names of your Government representatives, and also if it is intended that any Clerks should accompany them, in order that suitable accommodation may be secured. I suggest August 22nd as a suitable date for the opening of proceedings. I gather that the Transvaal Government may possibly desire that both of their nominees should be unofficial men, so I assume it will be left open to the other Governments to do the same, and not be bound to appoint an official member at all. I propose to insert a notice of this Conference in the Press, and before doing so would be glad to receive suggestions from you as to its form. I enclose a draft, which I think might meet the case.

I have the honour to be, Sir,
Your Excellency's Most Obedient Servant,
(Signed) MILNER,
High Commissioner.

To Governors of Cape Colony, Natal, Transvaal, O.R. Colony.
.. Administrator, Southern Rhodesia.

DRAFT NOTICE TO THE PRESS.

A Conference of all the South African Colonies will be held at Johannesburg on August 22nd next to inquire into charges now obtaining for Ocean Freights to South Africa and the disposal of shipping orders by the various Governments, and to endeavour to arrive at some means of securing advantages equal to those enjoyed by the Governments for the general public.

XV.

COPY OF TELEGRAM.

From Secretary of State, London,
to High Commissioner, Johannesburg.

No. 2.

July 29th.

Your Telegram No. 190 of 9th July, Shipping Lines interested are enquiring as to scope of proposed Conference; whether it is merely to collect information or to present a report and recommendations. They express desire that, in either case, they may be fully heard. Please telegraph terms of reference, if any, to which Governments concerned have agreed, and arrangements for affording hearing in interests involved.

XVI.

TELEGRAM.

From High Commissioner for South Africa, Johannesburg,
to Secretary of State for the Colonies, London.

No. 212.

July 31st.

Your telegram of July 29th, No. 2. Terms of reference not yet precisely settled by Governments, but they will be something like this:—(begins)

A Conference of all the South African Colonies will be held at Johannesburg on August 22nd next to enquire into the charges now obtaining for Ocean Freights to South Africa and the disposal of shipping orders by the various Governments, and to endeavour to arrive at some means of securing advantages equal to those enjoyed by the Government for the general public. (Ends.)

Delegates will be asked to present a report and recommendations. Exact procedure will not be decided on till the Delegates have met. Every opportunity of being heard will be given to persons interested. As Conference commences about August 22nd, it is desirable that persons desiring to give evidence should attend as soon as possible after that date. But proceedings will be prolonged, and no doubt any English witnesses leaving August 14th, or even 21st, would be in time.

XVII.

COPY OF TELEGRAM.

From Administrator, Cape Town,
to High Commissioner, Johannesburg.

No. I.

July 31st.

Your despatch No. 68 of 26th July, I have received following Minute from Ministers. (Begins):—

"July 30th. In acknowledging the receipt of the Administrator's Minute No. 446 of yesterday's date, forwarding a copy of a despatch received from the High Commissioner, in which his Excellency communicates the name of the expert whose services have been secured to advise the Conference proposed to be held in connection with Shipping Freights, Ministers desire to express their appreciation of the steps taken by Lord Milner in obtaining Mr. Owen's services. In reply to Lord Milner's enquiry as to the names of the delegates representing this Colony, Ministers have the honour to request that his Excellency may be informed that the Honourable the Treasurer and Mr. John Garlick, a Member of the House of Assembly, will be the delegates, and both these gentlemen have stated that it will be convenient for them to meet at the date fixed, namely, the 22nd August next. Ministers desire to express their appreciation of the arrangements which it is stated are being made for the accommodation of the delegates and their private secretaries.

In conclusion, Ministers wish to state that they quite agree as to the suitability of the draft notice submitted for their information, as it seems to embrace everything, including the question of rebate."

XVIII.

COPY OF TELEGRAM.

From Administrator of Natal
to High Commissioner, Johannesburg.

August 5th.

Referring to my telegram of 3rd instant, Mr. J. G. Maydon, Colonial Secretary, and Mr. F. S. Tatham, the senior Member of the Legislative Assembly for the City of Pietermaritzburg, will be the delegates from this Government to the Shipping Conference which is to be held in Johannesburg on 22nd instant.

XIX.

Lieutenant-Governor's Office,
Pretoria,
11th August, 1904.

My Lord,—

I have the honour to acknowledge the receipt of your despatch No. 3441/04 of the 26th July, and to inform you that the Transvaal Government has nominated Mr. William Hosken and Mr. Harold Strange as its representatives at the forthcoming Shipping Freights Conference.

I have the honour to be,

Your Lordship's Obedient Servant,

(Signed) ARTHUR LAWLEY,

Lieutenant-Governor.

His Excellency the Rt. Hon. Viscount Milner, P.C., G.C.B., G.C.M.G.,
High Commissioner for South Africa,
Johannesburg.

XX.

COPY OF TELEGRAM.

From Administrator of Southern Rhodesia
to High Commissioner, Johannesburg.

No. 585.

August 15th.

In reply to your Excellency's message No. 26 of 12th instant, representatives this territory will be S. F. Townsend, Agent, Rhodesia Railways, and C. E. Smitheman. I am informing other Governments as requested.

XXI.

TELEGRAM.

From Administrator, Salisbury,
to High Commissioner, Johannesburg.

No. 612.

August 18th.

My message 585 of 15th inst., regret to inform your Excellency that Mr. Townsend, owing to severe ill-health, will be unable to attend Shipping Freights Conference. I have appointed Mr. W. Tower, who leaves for Johannesburg by to-day's train, in his place.

APPENDIX IV.

SUMMARY OF CORRESPONDENCE BETWEEN THE SECRETARY OF STATE FOR THE COLONIES AND FIRMS INTERESTED IN SOUTH AFRICAN SHIPPING TRADE, WITH REFERENCE TO SENDING DELEGATES TO THE CONFERENCE.

No.	From	To	Date.		Page.
I.	Secretary of State for Colonies	High Commissioner	27/8/04	Enclosing correspondence with South African Shipping firms.	
II.	Secretary of State	Messrs. Lloyd and Conference Lines	6/8/04	Informing them that a Shipping Conference is to be held at Johannesburg. Enclosing terms of reference of Conference Parties interested to have opportunity to be heard.	232
III.	Sir F. Evans	Secretary of State	9/8/04	Impossible for management of S.A. Steam Lines to attend Conference in Johannesburg. Does not understand why there should be Government interference between Shipowners and Merchants. South African shipping trade being carried on at a serious loss. Relies on Government to protect them from injury and to support them in every way.	233
IV.	Secretary of State	Sir F. Evans	16/8/04	Regrets that representatives of shipping lines cannot betake themselves to South Africa. Fears inference adverse to them will be drawn. Declines to make any statement as to action he will take on recommendations of Conference.	
V.	Sir F. Evans	Secretary of State	24/8/04	London is the proper place for shippers and shipping companies to discuss their mutual relations. Deprecates an inference adverse to Lines being drawn from absence from Conference to which they have not been invited. Ready to give favourable consideration to proposals of Conference.	234
VI.	Messrs. Cayzer and Irvine	Secretary of State	15/8/04	Not necessary to send a representative to Johannesburg, all information required can be obtained in London. Agitation against S.A. Shipping Companies unwarrantable. Freights very moderate considering no return freights. Present rates from U.S.A. are cut fighting rates. Impossible to carry merchants' cargo on same terms as present Government Contract. No reason for Government to intervene between Merchants and Shipowners.	235
VII.	Secretary of State	Messrs. Cayzer, Irvine and Co.	23/8/04	Enclosing letter sent previously to Sir F. Evans.	236

APPENDIX IV. (*Continued*).

No.	From	To	Date.	Page.
VIII.	Secretary of State	Messrs. Lloyds and Conference Lines	24.8.04	Enquiring if witnesses will attend South African Conference.
IX.	Lloyds	Secretary of State	25.8.04	Do not propose to send representatives to South Africa, as question does not concern underwriters.
X.	Union Castle	Secretary of State	25.8.04	Requesting that the contents of Sir F. Evans' letter of the 9th and 21st August be communicated to Lord Milner.
XI.	Secretary of State	Union Castle Co.	27.8.04	Enclosing copy of a telegram sent to High Commissioner for South Africa in regard to attendance of Shipowners at Conference.
XII.	Cayzer, Irvine and Co	Secretary of State	25.8.04	Requests opportunity to discuss and explain matters, before recommendations of Shipping Conference are acted on.
XIII.	R. P. Houston	Secretary of State	26.8.04	Postpones answer to letter No. 2 pending further information from High Commissioner, South Africa

I.

South Africa,
No. 533.

DOWNING STREET,
27th August, 1904.

My Lord,

With reference to my telegram No. 1 of the 26th instant, I have the honour to transmit to you copies of the correspondence with the firms principally interested in the South African Shipping Trade, on the subject of the forthcoming Shipping Freights Conference at Johannesburg.

I have the honour to be,

My Lord,

Your Lordship's most obedient humble servant,

(Signed) ALFRED LYTTLETON.

HIGH COMMISSIONER,

THE RIGHT HONOURABLE

VISCOUNT MILNER, G.C.B., G.C.M.G.,
etc., etc., etc.

II.

DOWNING STREET,
6th August, 1904.

27124-1903.

Gentlemen,

I am directed by Mr. Secretary Lyttleton to state that as you are aware it is proposed to hold a Conference representative of the Governments of all the South African Colonies, at Johannesburg on the 22nd instant, to inquire into the charges now obtaining for ocean freights to South Africa.

2. The endorsed extract from a telegram from the High Commissioner for South Africa gives information as to the scope of the proposed Conference.

3. You will observe that Lord Milner states that every opportunity of being heard will be given to parties interested in the question under consideration.

I am, etc.,

(Sgd.) BERTRAM COX.

Messrs. Lloyd.

Messrs. Cayzer, Irvine & Co.

The Union Castle Mail Steamship Company.

Messrs. Houston & Co.

27124-1904.

Extract from a Telegram from High Commissioner Viscount Milner to Mr. Lyttleton (received Colonial Office 8.10 p.m. 31st July, 1904.)

31st July,

A Conference of all the South African Colonies will be held at Johannesburg on the 22nd August next to inquire into charges now obtaining for ocean freights to South Africa, and the disposal of shipping orders by the various Governments and to endeavour to arrive at some means of securing advantages equal to those enjoyed by the Governments for the general public. Delegates will be invited to present a report and recommendations. Every opportunity of being heard will be given to parties interested. As Conference commences about 22nd August desirable that persons desiring to give evidence should attend as soon as possible after that date. But proceedings will be prolonged and no doubt English witnesses leaving 14th August or even 21st August would be in time.

COPY].

40, GROSVENOR PLACE, LONDON, W.

9th August, 1904.

Dear Mr. Lyttleton,

In reply to your letter of the 8th August, I fear that my letter of the 5th has not made it so clear as it is desirable to do, that the Steam Lines engaged in the South African Trade are managed in this country, so that it is impossible for the respective managements to betake themselves to South Africa, even had they received an invitation from the Conference to be present. They are at all times ready to meet any Conference in this country to answer any responsible "criticism of their methods and policy."

They are not aware of the specific objects and scope of this Conference, except in so far as the very general terms of Lord Milner's telegram referred to them, nor are they aware of any "case" which they would be called upon to meet. They are glad to observe from the terms of that telegram that the arrangements which are in force for the conveyance of cargo for the various Governments of South Africa are considered advantageous. These terms, as you are aware, have stood the usual test of public tender to the whole shipping world both on the part of the Crown Agents, and more recently on the part of the Agent General for the Cape of Good Hope. The Conference would therefore seem to resolve itself into an enquiry into the arrangements between the lines trading to South Africa, and their clients, the Merchants. The lines venture to think that this is an enquiry of a wholly novel character, and desire to point out that these relations are the subject of Conference in London from time to time between the Lines and a body elected by the Merchants and Shippers, the parties chiefly interested, and they are at a loss to understand how third parties can with advantage to either side intervene between them, particularly when no request has been made by either party for such interference.

When I wrote to you in my letter of the 5th that I hoped that you would not confirm any action which might be contemplated by the Governments of the two Colonies as a result of this Conference, I was relying on the obvious principles of fairness, that we should only be called upon in our own country and under fair conditions to meet any criticism that may be directed against us and that our interests should not be dealt with prejudicially by the Colonial Office by reason of any decision of a Conference held, as we understand from the Press, in an atmosphere very hostile to us, and necessarily quite uninformed, and without opportunity of obtaining full information as to the real merits of the situation in regard to the South African Shipping trade. I would press upon you that this trade is being carried on under great difficulties, and at a serious loss to all the lines engaged in the carrying trade, and at a time of depression so severe that a considerable percentage of the steamers is laid up. It is subject at the same time to a severe competition of steamers highly subsidized by the Governments of Germany, France, Austria and Portugal. Under these conditions we rely upon the sense of fairness of the Government that we should not only be protected from injury without being properly heard but that we should be supported and assisted by them in every legitimate way.

Very truly yours,

(Sgd). FRANCIS EVANS.

Right Hon. A. Lyttleton, M.P., etc.,
Colonial Office, S.W.

COLONIAL OFFICE.

16th August, 1904.

Dear Sir Francis Evans,

In reply to your letter of the 9th instant Mr. Lyttleton desires me to say that in his opinion, South Africa is obviously the proper place at which the South African Governments should meet to confer on questions such as those indicated by Lord Milner's telegram, which affect the interests of those Governments, and of South African Importers.

Mr. Lyttleton regrets that you think it is impossible for representatives of the Shipping Lines to bateke themselves to South Africa, and fearsthat inferences adverse to them will in all probability be drawn from their absence. The decision as to their action rests with the Shipping Lines, but Mr. Lyttleton thinks it desirable to state, with reference to the concluding sentence of your letter, that he is unable to make any statement as to the action which he may take on any recommendations of the Conference so far as they affect the Transvaal and Orange River Colony until those recommendations are before him.

Yours faithfully,

(Sgd.) E. MARSH.

Sir Francis Evans, Bart., K.C.M.G.

40, Grosvenor Place, London, S.W.

V.

40, GROSVENOR PLACE, LONDON, S.W.,

24th August, 1904.

Dear Mr. Lyttleton,

I thank you for your letter of August 16th, and may be permitted to say that I would not contend for a moment that South Africa is not the proper place for the meeting of the South African Governments upon matters affecting their interests, as this country would seem to be the proper place for shippers from this country and Shipping Companies to discuss their mutual relations.

This has, of course, been the usual mode of procedure hitherto followed both in regard to private shippers and in regard to representatives both of the Transvaal and Orange River Colonies as represented by the Crown Agents and of the Agents General for the Cape and Natal, who have made the arrangements for freight from this country with the managements of the Lines carrying on their business in this country.

For the reason stated in my letter of the 9th instant, I would strongly deprecate any inference adverse to the Lines being drawn from their absence from a Conference to which they have not been invited, of the constitution of which they are ignorant, and of the scope of whose proceedings they have not been informed, and which they can hardly suppose will deal with matters more properly dealt with in this country.

They would, naturally, be glad to be made acquainted with any proposals made by the Conference which may bear upon their relations with the Governments concerned, and I may add that they would be ready to give their most favourable consideration to such proposals with a view to meeting the wishes of the Governments concerned.

Yours faithfully,

(Sgd.) FRANCIS EVANS.

The Right Hon. A. Lyttleton,

Colonial Office, S.W.

15th August 1904.

The Right Honourable,

The Secretary of State for the Colonies,
Colonial Office, S.W.

Sir,—

We have the honour to acknowledge receipt of your letter to our London firm, No. 27124 1904 with copy of extract of Lord Milner's telegram of 31st July, on the subject of a Conference to be held at Johannesburg on the 22nd instant to enquire into the South African freights, for which we beg to thank you.

We have not been invited to attend this enquiry and are of opinion that it would not have been necessary to send a representative to Johannesburg, as all the information required could have been obtained in London, where the freight engagements are made. We therefore desire to place our views before you.

The agitation against the South African Shipping Companies, made by interested parties for their own purposes, is not warranted, and is kept alive by misrepresentations. The crusade against the South African Shipping Conference is quite unprecedented, as for years all Shipping Lines in regular trades have conducted their business by Conferences, working on the same lines as the South African one, and it would be impossible to conduct their business without them. The rates of freight to South Africa are very moderate, when it is borne in mind that there is no return freight, and it would be a suicidal policy for the Shipping Companies, as stated, to fix high rates which would tend to drive the trade away from them. On the contrary, they do everything in their power to encourage trade, upon which their welfare depends, and the comparison, of which so much lately has been made, between the American and English rates is unfair, as the American rates which were quoted are cut fighting rates, owing to a freight war in America. For years the British lines loading in America maintained equal rates, and the cut rates quoted are owing to an attack on their trade, in which the parties engaged are losing heavily.

As regards the suggestion that merchants' cargo should be carried on the same terms as Government cargo, we beg to point out that Government cargo is now carried at a rate below cost, and in respect of quantity and description there is no parallel between it and the cargo shipped by the general public, Government shipments being for the most part rails and railway materials in large quantities, whilst the merchants' shipments consist of general cargo in much smaller quantities and of much higher value, and it is not possible to carry it on the same terms as Government cargo, without incurring heavy loss.

The terms for the conveyance of Government cargo are now made in London by the respective Agents of the Colonies, and are admitted by Lord Milner as advantageous, and lower than could be got by public tender, and as merchants' rates are agreed from time to time in London by a Committee of themselves and the shipowners, we respectfully submit that there is no reason for the Government to intervene between the Shipowners and Merchants as to the conditions on which they should conduct their business, the Shipowners by their enterprise having developed the trade, without subsidy of any kind, and now provide a service of first class steamers, dispatching over 400 sailings yearly to South Africa.

The South African Shipping Trade is now very depressed and unremunerative. It must be borne in mind that British Shipowners have to compete with the highly subsidized German Lines, and any measures prejudicial to their interests, which would lead to a curtailment of the regular sailings from this country so essential to the trade, would favour the foreigner as shown in the case of the East African trade, which has been captured by a subsidized German Line, and the greater part of the trade diverted from this country to foreign markets, and we therefore venture to express the hope that you will give our views due consideration.

We have, etc.,

(Sgd.) CAYZER, IRVINE & CO.,

VII.

Downing Street,

23 August, 1904.

Sirs,—

I am desired by Mr. Lyttleton to acknowledge the receipt of your letter of the 15th instant, which he has read with interest, and to say that he is fully alive to the considerations to which you invite his attention.

With regard to the desirability of the South African Shipping Companies being represented at the forthcoming Conference, he thinks he cannot do better than send you a copy of a letter which he recently caused to be addressed to Sir Francis Evans, and which will put you in possession of his views on the question.

I am, etc.,

(signed) E. MARSH.

Messrs. Cayzer, Irvine & Co.

VIII.

Downing Street,

24th August, 1904.

Gentlemen,—

(1 & 3) Referring to the letter from this office of 6th August.

(2) Referring to Mr. Marsh's letter of 23rd August.

(4) Referring to Mr. Holland's letter of 16th August.

I am directed by Mr. Secretary Lyttleton to inform you that Lord Milner has telegraphed to ask that intending witnesses at the Shipping Conference will cable their intention of attending and date of arrival at Johannesburg.

I am to enquire whether any witnesses will attend on your behalf.

I am to add that Mr. Lyttleton will be glad to communicate your reply by cable to Lord Milner.

I am, etc.,

F. GRAHAM.

Messrs.

(1) Lloyd's.

(2) Cayzer, Irvine & Company.

(3) Houston & Company.

(4) The Union Castle Mail Steamship Company.

IX.

Lloyd's.

25th August, 1904.

Sir,—

I am directed to acknowledge receipt of your letter of the 24th August (29678 1904) with regard to the Shipping Conference at Johannesburg, and to beg that you will be so good as to inform the Secretary of State for the Colonies that the information contained in the Colonial Office letter of the 6th August was placed on the Board in the Rooms here for the information of persons interested, and it also appeared in "Lloyd's List."

I am further to state that as far as my Committee are concerned they do not propose to appoint a representative to attend the Conference, as it appears to them that the question is one concerning shipowners and merchants rather than underwriters.

I am, etc.,

The Under Secretary of State,
Colonial Office, S.W.(signed) JOHN B. WATSON,
for the Secretary.

X.

THE UNION CASTLE MAIL STEAMSHIP COMPANY, LIMITED.

3 and 4, Fenchurch Street,

London, E.C.

The Under Secretary of State,
Colonial Office,
London, S.W.

25th August, 1904.

Sir,—

In reply to your letter of the 24th instant (No. 29647 1904) addressed to the Secretary of the Union Castle Mail Steamship Company, we beg to refer you to Sir Francis Evans' letters of the 9th and 24th instant, addressed to Mr. Secretary Lyttleton, in which some of the considerations which weigh with the Steam Lines in this matter are set out.

We think it would be desirable if you would communicate the contents thereof by cable to Lord Milner.

We are, etc.,

(sgd) DONALD CURRIE & Co.,
Managers.

XI.

Downing Street,

27 August, 1904.

Gentlemen,—

I am directed by Mr. Secretary Lyttleton to acknowledge receipt of your letter of the 25th instant, and to transmit to you a copy of a telegram which has been sent to the High Commissioner for South Africa in regard to the forthcoming Shipping Freights Conference at Johannesburg.

2. The letters from Sir Francis Evans to which you refer, together with the rest of the correspondence on the subject, are being forwarded to the High Commissioner by the outgoing mail.

I am, etc.,

The Managers,
Union-Castle Steamship Company.

(signed) FRED GRAHAM.

[COPY OF TELEGRAM.]

From Secretary of State, London,
to High Commissioner, Johannesburg.

No. 1.

August 26th.

Your telegram No. 228 of August 23rd. No representatives of Shipping Lines going from this country. Union Castle Company observing that this country is the proper place for Shippers from this country and Shipping Companies to discuss their mutual relations. Strongly deprecate any adverse influence being drawn from absence of witnesses to any Conference, constitution, specific objects and scope of which they are not aware. Correspondence follows by mail.

XII.

115, Leadenhall Street,

London, E.C.,

25th August, 1904.

The Under Secretary of State,
Colonial Office, London, S.W.

Sir,—

We have the honour to acknowledge receipt of your letter No. 29647, 1904, informing us of a cablegram received by Mr. Secretary Lyttleton from Lord Milner with respect to the Government Freights Conference now sitting at Johannesburg; and, whilst thanking you for the same, beg to express our regret that we have no one who could adequately represent our interests in a position to be present at the Conference. When, however, any recommendations made by that body are before you for consideration, and before the same are acted upon, we, in common with other Steamship Owners engaged in the South African trade, rely upon you for an opportunity to discuss and explain any matters liable to materially affect our interests.

We are, etc.,

(Sgd.) CAYZER, IRVINE & Co.

XIII.

16, Leadenhall Street,

London, E.C.,

26th August, 1904.

Dear Mr. Lyttleton,

Mr. Graham's communication of the 24th instant has been placed before me to-day.

I have also a cable from South Africa saying the Conference is closed, and meets again two months hence.

If the cable information is correct, you will doubtless receive further communications from Lord Milner, and I shall, therefore, before replying definitely to Mr. Graham's letter be much obliged if you will kindly advise me of any further developments or requests from Lord Milner.

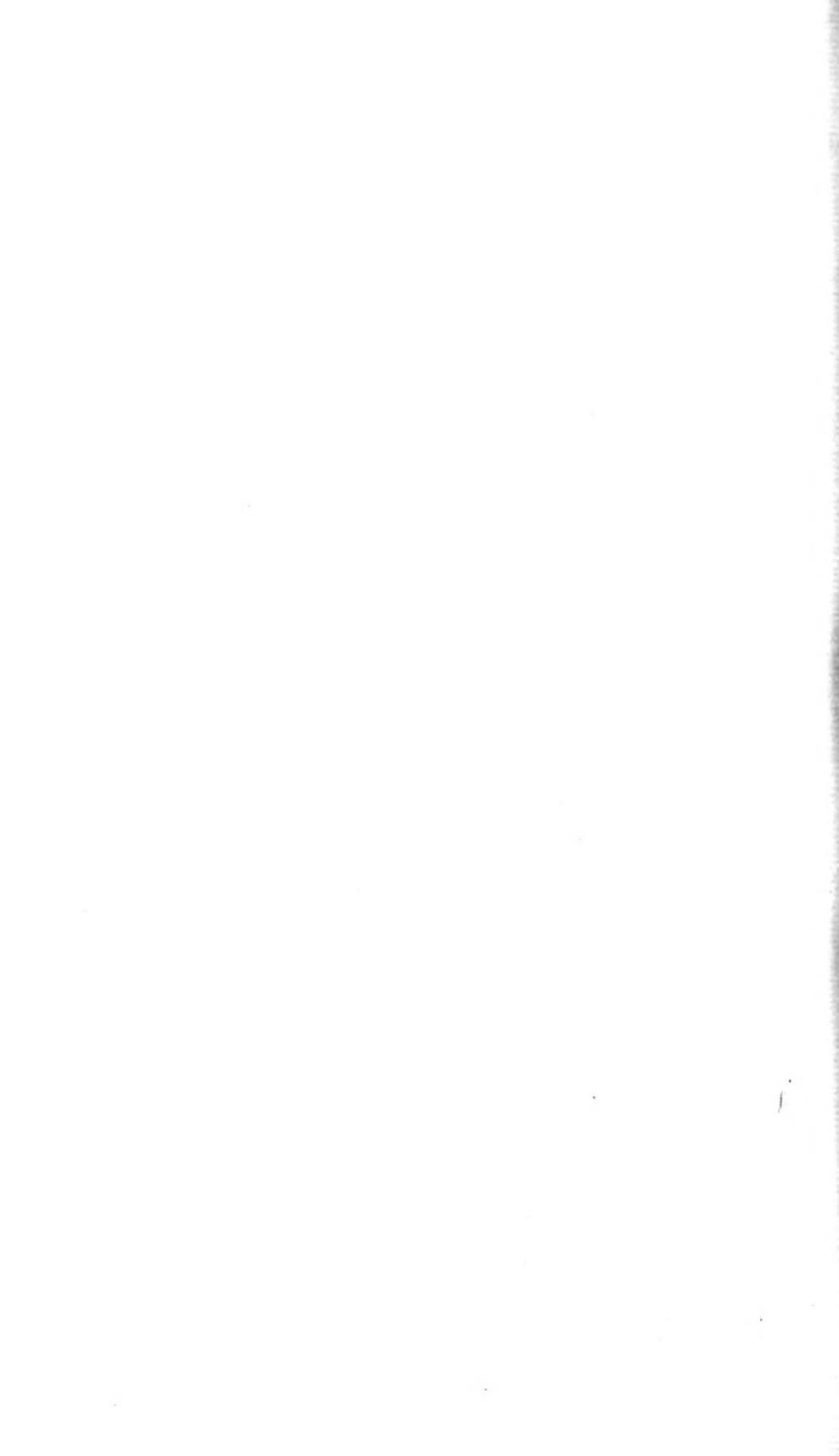
Thanking you in anticipation,

I am, etc.,

(Sgd.) R. P. HOUSTON.

The Rt. Hon. Alfred Lyttleton, M.P.,
&c., &c., &c.







D 000 021 562 :

